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JPRS 76360

5 September 1980

WEST EUROPE REPORT

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CONTENTS

THEATER NUCLEAR FORCES

FRANCE

New Book Analyzes Neutron Bomb Deployment, Defense Strategies
(Various sources, various dates)..... 1

Francois de Rose Review
Samuel T. Cohen Interviewed
Implications of Deployment, by Georges Sarre
Effect on Deterrence, by Pierre Dabezies
Attack, Counterattack Scenarios, by Dominique Halevy

NETHERLANDS

Van Der Klaauw Calls for Credible Perspectives on Nuclear Disarmament
(ALGEMEEN NEDERLANDS PERSBUREAU, 14 Aug 80)..... 18

COUNTRY SECTION

BELGIUM

General Close Terms NATO Strategy Inadequate
(Robert Close; SPECIAL/L'EVENTAIL, 8 Aug 80)..... 20

Poll Shows Youth Indifferent to Politics
(DE STANDAARD, 23 Jul 80)..... 23

CVP Protests Attacks in SP Tobback's Interview
(DE STANDAARD, 23 Jul 80)..... 25

Martens III Government Postpones Debates Until Fall
(Marc Reynebeau; KNACK, 23 Jul 80)..... 27

Defense Ministry Stalls Purchase of 'Dauphin' Helicopters
(Pierre Bary; LE SOIR, 2 Aug 80)..... 33

Senate Debates Institutional Reforms
(LE SOIR, 8 Aug 80)..... 35

Letter Urges Liberal Ministers To Be Intransigent
(LE SOIR, 8 Aug 80)..... 37

Desmarets Proposes 1981-1985 Regional Plan
(LE SOIR, 8 Aug 80)..... 39

Economic Affairs Minister Tries To Deal With Textile Industry Problems
(Rosanne Germonprez; KNACK, 30 Jul 80)..... 41

Differences in Regional Economies, Problems Detailed
(Jacques Zeegers; LA LIBRE BELGIQUE, 2-3 Aug 80)..... 47

Briefs
Young Flemish Social Christians 50

CYPRUS

Cyprus Situation Reviewed Six Years After Invasion
(Fahir Armaoglu; MILLI GAZETE, 20 Jul 80)..... 51

Denktas Calls for Deserved Rights
(BOZKURT, 21 Jul 80)..... 53

Freeze on Wages, Prices Urged
(THE CYPRUS WEEKLY, 1-7 Aug 80)..... 57

Trade Deficit Statistics
(CYPRUS MAIL, 13 Aug 80)..... 59

State of TFSC Economy Evaluated
(Various sources, 16, 23 Jul 80)..... 60

Comments by Cagatay, Sezgin
Comments by Basol

Measures Taken To Combat Smuggling
(BOZKURT, 29 Jun 80)..... 63

Larnaca Hospital Construction Begins
(CYPRUS MAIL, 9 Aug 80)..... 65

DENMARK

Parties on Extreme Left Suffer Decline, Internal Feuds
(BERLINGSKE TIDENDE, 26 Jul 80)..... 66

Socialists Want Defense Debate, But on Own Terms
(Editorial; BERLINGSKE TIDENDE, 4 Aug 80)..... 70

Briefs
South Africa Arms Smuggling 72
Fewer Conscientious Objectors 72

FEDERAL REPUBLIC OF GERMANY

Willy Brandt Interviewed on Election, Current Issues
(Willy Brandt Interview; VORWAERTS, 24 Jul 80)..... 73

FDP Still Largely Identified With Figure of Genscher
(Thomas Meyer; FRANKFURTER ALLGEMEINE, 7 Aug 80)..... 78

Genscher Affirms Elections Critical for FDP Survival
(FRANKFURTER ALLGEMEINE, 8 Aug 80)..... 81

Poll: Is West Europe Doing Enough for Its Military
(ALLENSBACHER BERICHTE, No 18, 1980)..... 84

FRANCE

Ambassador Grossin Interviewed on LDC Policy
(Jean Grossin Interview; MALAWI NEWS, 10 Aug 80)..... 88

Communist Press Reels Under Top-Level Ideological Defections
(Catherine Guigon; LE POINT, 21 Jul 80)..... 95

Armaments Expert Assesses Defense, Weapons-Cost Relationship
(Pierre Maisonneuve; DEFENSE NATIONALE, Jul 80)..... 97

Industrial Use of Coal Seen Increasing Greatly
(COMBUSTIBLES ET CARBURANTS, Jul-Aug 80)..... 112

Briefs
Police Funding 113
General Staff Replacement 113
Marenches Succession Rumors 113

GREECE

Insurance Executive Interviewed on Economy, Prospects
(Edward Moore Interview; BUSINESS & FINANCE, 12 Jul 80)..... 114

Pandelakis Interviewed on Banking Problems
(Dimitris Pandelakis Interview; BUSINESS & FINANCE, 26 Jul 80)..... 119

Banking Corporation Connections Reported
(BUSINESS & FINANCE, 26 Jul 80)..... 121

Indian Industrial Delegation Discusses Trade Relations
(BUSINESS & FINANCE, 12 Jul 80)..... 123

Campion School Acquires New Headmaster
(THE ATHENIAN, Aug 80)..... 125

ITALY

'New Strategy' of PCI Described
(PANORAMA, 28 Jul 80)..... 127

PCI and the Unions, Fernando Di Giulio Interview
PCI and Democratic Dialogue, by Francesco Gui

NORWAY

Labor Party Uneasy Over Leadership
(Editorial; AFTENPOSTEN, 30 Jul 80)..... 132

PORTUGAL

Proposed PSD Constitutional Changes Curtail President's Power
(Jorge Nuno Oliveira; A TARDE, 4 Aug 80)..... 134

SPAIN

CEOE Proposes Changes in Government's Economic Policies
(Carlos Gomez; EL PAIS, 24 Jun 80)..... 140

TURKEY

'YANKI' Examines Situation in Eastern Anatolia
(YANKI, 7-13 Jul 80)..... 148

Overview Given
Mardin Deputy's Comments, M. P. Nurettin Yilmaz Interview
Serafettin Elci Comments

Use of Aya Sofya as Mosque Draws Fire
(CUMHURIYET, 14, 15 Jul 80)..... 155

Mosque for Ramazan
Paper Blasts Use as Mosque
Minister Accused of Violating Ataturkism, by Salim Alpaslan

Martial Law Court Wants Legal Action Against NAP, NSP
(CUMHURIYET, 28 Jun 80)..... 161

RPP Deputy Discusses RPP-Alevi Relations
(Mahmut Ozdemir Interview; YANKI, 14-20 Jul 80)..... 163

'YANKI' Praises Military for Its Non-Partisan Efforts
(Editorial; YANKI, 14-20 Jul 80)..... 165

Columnist Urges State To Learn Lesson From Fatsa
(Oktay Eksi; HURRIYET, 12 Jul 80)..... 167

'CUMHURIYET' Comments on Jerusalem Issue
(Ali Sirmen; CUMHURIYET, 27 Jul 80)..... 169

European Firms To Help Build Ataturk Dam
(MILLI GAZETE, 25 Jul 80)..... 171

State of Maritime Commerce Examined
(Yildirim Gavli; HURRIYET, 6 Jul 80)..... 173

Basturk Has Showdown With DISK General Council
(CUMHURIYET, 30 Jun 80)..... 178

'CUMHURIYET' Examines Labor Contract Deadlocks
(Sukran Ketenci; CUMHURIYET, 29 Jun 80)..... 183

Inconsistencies in Labor Authority Noted
(Sukran Ketenci; CUMHURIYET, 6 Jul 80)..... 186

NEW BOOK ANALYZES NEUTRON BOMB DEPLOYMENT, DEFENSE STRATEGIES

Francois de Rose Review

Paris POLITIQUE INTERNATIONALE in French Summer 80 pp 269-273

[Review by Francois de Rose of the book "Echek a la Guerre" by Samuel T. Cohen and Marc Geneste, Editions Copernic, 1980, 252 pages]

[Text] "The die is case before the battle." Samuel T. Cohen and Marc Geneste are so convinced of the truth of this dictum that they are pleading the "neutron bomb case" with what is perhaps vigor of desperation. Their desperation displayed in official circles toward the propositions they uphold and view as the sole means capable of offsetting the overall superiority of Warsaw Pact forces over NATO forces.

Indeed, one of the basic innovations produced by the introduction of nuclear weapons is certainly that of having done away with the "time factor" as one of the basic facts governing the evolution of a conflict between two opposing alliances determined to resort to such weapons.

For 40 years now, we have known that one lost battle can determine the fate of a continent for several years to come. But the allies did ultimately win World War II because they--the sea powers as well as the Soviet Union--were able to implement a strategy of trading space for time.

Today, one lost battle in Europe would seal the continent's fate, for Europe could not be liberated except perhaps at the price of widespread destruction including that of the Soviet Union and the United States, in other words at the price of a catastrophe depriving such operations of any rational final goal.

America understood this at the political level. And that is why it joined the Atlantic Alliance and has 300,000 troops stationed in Europe.

But what about the Alliance? Has it understood this fact and taken it into account in its doctrine and in the weapons which would implement that doctrine? That is the question asked by Sam Cohen and Marc Geneste in their book. Their answer is a categorical "no."

In this review, we shall not take up that part of the book devoted to criticism of the flexible response doctrine which has been in effect ever since the doctrine of massive retaliation was abandoned. The two authors cannot find enough words with which to castigate a doctrine they consider the height of absurdity. It is obvious that, in their view, all of the civilian and military leaders who, since the death of President Eisenhower, have held any position of responsibility in Washington, as well as in NATO capitals, constitute the most astonishing collection of incompetents ever catalogued. It is conceivable, and we must deplore the fact, that such an agressive presentation of their propositions was hardly conducive to an impartial and calm examination thereof. We shall limit ourselves at this point to paraphrasing, with regard to the flexible response doctrine, what Joffre used to say about the Battle of the Marne: We do not know whether this concept would have led to the defeat of the Western allies. In any event, it did contribute to, or did not impede, the effectiveness of deterrence which has given Europeans those years of peace that are still continuing.

It remains to be seen whether this is still valid and will continue to be in the future.

It is in this subject area that the book "Echek a la Guerre" [Holding War in Check] assumes its full significance and makes, in our opinion, an important contribution to serious study of the future organization of our security, for the book addresses itself to both the strategic concept and the means of implementing it.

We are all aware of the dissymmetry between the Soviet doctrine on war in Europe and the NATO doctrine.

Top Red Army brass believe such a war would necessarily be nuclear and end in the socialist camp's inevitable victory, even though causing considerable damage. Naturally, Soviet theoreticians reject the idea that their side can be the aggressor. But in the face of capitalist provocation, the Warsaw Pact could find itself compelled to initiate operations. In that case, it would have to destroy NATO's nuclear weapons by a first strike. The authors quote from the writings of the highest military authorities confirming this imperative requirement, which, once met, would permit rapid occupation of the territory, the condition and materialization of success.

In contrast to this Soviet strategy of combat and victory, the West has a strategy of deterrence. The latter means that the West would counter enemy forces on the battlefield with the same weapons the enemy has chosen, and by employing nuclear weapons "as late as possible but as soon as necessary" to stop the enemy and make it face the risk of escalating the conflict to an unacceptable level of violence.

Without concurring with Cohen and Geneste's contention that this concept has never been worth anything, we will say that, nevertheless, it does

postulate that the Soviets be unable to carry out their plan to destroy Western nuclear forces and weapons and that their superiority in conventional weapons be offset by American superiority in tactical nuclear weapons and strategic weapons. This last condition has given way to an approximate balance in intercontinental weapons and a Soviet advantage in medium-range theater weapons.

The upshot is that the Soviet threat of a first strike in Europe has become more probable and will become even more so in the future when Red Army missiles have acquired sufficient accuracy to permit reducing the yield of their warheads, thereby either making the frequently-mentioned "surgical operation" possible or at least very substantially reducing collateral effects, thus putting the West in the position of having to make the difficult choice between defeat or generalized recourse to nuclear weapons.

Under such prospective circumstances, it is altogether justifiable to wonder whether the NATO doctrine of stopping hostilities by introducing the risk of escalation would inhibit the Soviets more than the West. In this same connection, we shall examine the answer that Cohen and Geneste give to this problem by proposing a strategy no longer based on the risk of escalation but on the capability of inflicting defeat on the enemy by producing and deploying the neutron bomb or enhanced-radiation weapon.

We shall briefly review the arguments developed by the book for "holding war in check."

Regardless of the improvements made in conventional weapons, and particularly in projectiles guided to their target, one conventional projectile can never destroy more than one tank. Contrariwise, the neutron bomb can permanently or temporarily eliminate all personnel in the enemy's armored vehicles, the spearhead of its offensive, that are within its effective radius. For example, two of these weapons detonated 1,500 meters apart would disable all troops within an area of 6 square kilometers, and the thickest armor would not give them the slightest protection. As a matter of fact, only concrete and earth of relatively limited thickness--1.5 meter--can stop the neutrons.

Attacking enemy troops must necessarily move forward. They then become vulnerable, unlike the defensive troops positioned in underground shelters or bunkers. And the more the enemy has to concentrate its forces to pierce defensive positions, the greater its losses.

The advantage of a neutron bomb in such operations is obvious. Given the present ratio of forces, even if Western forces could stop the enemy by conventional means, they would have depleted their reserve supplies in a few days, or at best in a few weeks, without industrial production having the slightest chance of offsetting these losses.

Whereas if NATO were to employ the neutron bomb, the attacking forces would, contrariwise, be the victim of attrition. With current nuclear weapons,

however, enemy armored vehicle losses would be much lower while the loss of human life and material destruction in friendly territory would be considerable.

The organization of Western defensive positions proposed by Sam Cohen and Marc Geneste is as follows:

a. A continuous front line of underground bunkers all along the border and manned by troops armed with howitzers or missiles capable of delivering neutron warheads. With these weapons, Western troops will kill the crews of invading tanks that can be detected even at night or in a fog or smoke screen with the latest state-of-the-art devices. Troops in the bunkers would be invulnerable to neutron weapons and could, therefore, be killed only by the blast of high-yield nuclear warheads, the employment of which would no longer be an attack on the present 100 or so nuclear weapon storage sites in the West but on a number of targets equivalent to the number of bunkers. Or the enemy could so concentrate its forces that they would be ideal targets for the defense's second echelon.

b. This second echelon would be composed of mobile forces also armed with neutron warheads fired by missiles or artillery or launched from aircraft and capable of either attacking the invader's rear areas based on intelligence obtained about enemy concentrations, or eliminating those enemy forces having gotten behind the front-line barrier undoubtedly by airborne assault. To cope with this latter danger, Western combat troops would be equipped with a much larger number of antiaircraft and antihelicopter weapon systems.

The authors frankly admit that their proposal would constitute a return to the concept of the "city wall" or rampart protecting the besieged forces. Aware that critics would rebut their argument by pointing to the failure of the Maginot Line, Cohen and Geneste affirm that the revolution brought about by the neutron bomb gives the defense the decisive advantage as things now stand.

Their arguments cannot fail to impress the reader. Moreover, this revival of the neutron bomb issue certainly delights those persons who had deplored the 1977 muddle. That year, President Carter had sought to win the support of European governments for production of this weapon and its deployment on our continent. His proposal triggered a bitter controversy between the pros and cons, plus an unprecedented move by Brezhnev who wrote to all Western chiefs of state and heads of government cautioning them against accepting the American offer. And finally, after Bonn and Brussels had conditionally accepted the proposal, President Carter decided to postpone any production of the weapon.

The authors review for us the arguments advanced in opposition to the project. Some were serious and had to do with an analysis of the possible operational consequences introduction of these weapons would have. Other were based purely and simply on impassioned political considerations.

Sam Cohen and Marc Geneste refute the first type of arguments and give the second type the treatment they deserve.

It has been argued that lowering the nuclear threshold would weaken deterrence. And if war broke out, the use of neutron weapons--a decision made easier by the low level of destruction they would cause--would be the surest way of routing the atom out of its ghetto of terror. Once the first nuclear round is fired, the entire nuclear arsenal will follow suit, with the inevitable final catastrophic result. In reply to this argument, the authors point out that if war does break out, it will mean deterrence has failed; and the USSR, anticipating a preemptive nuclear strike, will be the one to take the initiative in opening nuclear fire. Claiming it is futile to think the enemy will obligingly adapt itself to the Western concept of a conventional war being stopped out of fear of nuclear weapon employment, the authors argue that the best deterrence is obtained by the certainty the enemy has that it cannot triumph. Seeing that Western inferiority in conventional forces is an established fact and that the United States will not regain its former nuclear superiority, they conclude that it is urgent to draw the pertinent inferences from these facts.

The political argument is worth recalling because it has misled many people. The neutron bomb--so the argument goes--is a capitalist weapon because it kills people without destroying property. While it is true that it does kill people, these people are mainly combat troops, and cruel though it may be, this has always been the purpose of war. But whereas "ordinary" nuclear bombs would kill civilians, ruin their cities, and destroy the very bases of organized political, economic, and social life--like the holocausts of Dresden, Coventry, or Hiroshima, but a hundredfold and on a continental scale--the neutron bomb would, in contrast, offer a less barbarous prospect because it would spare urban centers and their residents, their places and means of work, and their artistic and cultural heritage.

It is not a question of making war easier or more agreeable. War is hideous any way you look at it. The point is to deprive the aggressor of any hope of winning and, at the same time, give defenders an option less absurd than that of choosing between surrender or nuclear annihilation.

We shall not analyze all of the arguments advanced by the book "Echec a la Guerre," arguments covering such varied subjects as the estimated cost of the proposed program and its impact on the arms control problem. Yet we do want to mention the matter of the political control necessary to the decision to employ such weapons and the imperative need for rapid decision-making if we wish to stop the enemy. This question is a complex one. It is difficult to decide between necessary precautions against the enormous threat of escalation and the need to fire almost automatically in order to stop the enemy since the neutron weapon would virtually be the sole weapon having that mission.

If we assume, in fact, that the Warsaw Pact forces would attack by surprise, the bunkers along the border must be made ready to fire their neutron

weapons alone immediately. This no doubt requires that those weapons be in position and that firing or launch crews themselves operate those security devices allowing the weapons to be employed.

But if we admit such dispersion, how can we not acknowledge--even in the case of the flexible response concept and its implementing forces and weapons--that similar dispersion would permit these same forces and weapons to be placed in protective shelters, thereby depriving the USSR of the capability of destroying NATO weapons in their depots? Destruction which, according to Marshal Sokolovski, is absolutely necessary for the Warsaw Pact offensive to succeed.

And if we accept the concept that second echelon forces will have to be moving constantly with their nuclear weapons, the same capability could be provided for the artillery and other delivery systems already deployed in Europe, not to mention the Pershing 2 missiles and cruise missiles that are, in principle, also to be deployed there shortly? Yet this constant movement of nuclear delivery systems and their warheads does pose a political problem, and there is no assurance that this problem would vanish simply because these warheads would be of the enhanced-radiation type.

Likewise, if we accept the premises of this book's argumentation, in other words the fact that one conventional projectile destroys only one tank whereas the radiation weapon would kill all personnel in tanks within a certain radius, there is still the question of how many tanks would be within that radius.

Everything depends on the ratio of the opposing forces. If the NATO forces are much too few in number to force the enemy into large concentrations, the neutron bomb will not find quantitatively sufficient targets. Hence its effectiveness will depend on the level of the allied conventional forces that will or will not compel the enemy forces to expose themselves en masse to its effects.

To obtain the desired result, the Western defense's second echelon will itself have to concentrate its forces, and this will expose that echelon also to enemy neutron weapons, at a time when the front line system of bunkers may have been stormed by paratroopers or heliborne commandos carrying demolition charges.

The radiation weapon cannot serve all purposes, solve all problems. But if it were included in an overall system actually forcing the enemy into vulnerable concentrations, and provided the problems of continuous mobility and delegation of authority to fire are resolved, then it would certainly rectify the existing ratio of forces in a way favorable to the Western powers and would thus contribute to deterrence.

In conclusion, we must say that for both political as well as military reasons, we continue to believe that the coupling of theater weapons and

strategic weapons will remain the essential manifestation of the interdependence of the destinies of Western nations and the ultima ratio [final argument] of deterrence, in other words of holding war in check.

It is precisely for this purpose that Westerners recently decided to station medium-range nuclear missiles in Europe in spite of the Kremlin's frantic diplomatic offensive. Proof no doubt that the West did not feel the Politburo was motivated solely by the desire to spare us a decision that would have weakened our defense! This seems to be a good occasion to reexamine in the same light the decision made in 1977 to reject the neutron bomb, a decision which in that particular case was in conformity with Moscow's wishes.

Sam Cohen and Marc Geneste have not only argued in favor of such reexamination, they have contributed elements of information and data which, in the absence of solidly buttressed refutation, would decide this issue.

Samuel T. Cohen Interviewed

Paris LE MATIN in French 12 Apr 80 p 2

[Interview with Samuel T. Cohen by Pascal Krop; date and place not given]

[Text] Editors Note: The President of the Republic is expected to announce his decision sometime this summer on whether or not France will adopt the neutron bomb. At present, the armed forces general staffs say they favor the enhanced-radiation weapon, while Atomic Energy Commission researchers claim they now have the capability to produce it. If the chief of state does decide, after consultation with the different general staffs, to add the neutron bomb to other components of the tactical nuclear arsenal, France will be the first country in the world to have this weapon.

The United States tested a neutron device in 1963, while, according to Western sources, the USSR already has this weapon. For all parties concerned, to have or not have the neutron bomb is an important strategic choice when one considers its properties. Its reinforced radiation can penetrate the most modern armor and can kill, for example, all the troops in any enemy armored column. On the other hand, the bomb's effects are stopped by water, earth, indeed even vegetation. In addition, enhanced-radiation weapons produce only limited blast and very little heat--the opposite of traditional nuclear weapons--thereby causing no massive destruction. These properties of the neutron bomb prompted the Soviets to denounce it as a "capitalist weapon" that "kills

persons without destroying property." By contrast, the French military view it as the suitable weapon for a possible conflict in a highly urbanized Europe.

The president's decision will be essentially political, however. France's acquisition of the neutron bomb would, in fact, imply reappraisal of its doctrine of nuclear deterrence based on the threat of instantaneous and massive retaliation.

This decision would be a turning point in French strategy, because the neutron bomb would once again give credence to the idea of a possible conventional war in the European theater, without there being any need to resort to strategic nuclear weapons. Contrariwise, supporters of the enhanced-radiation weapon believe that only this bomb can preserve peace by avoiding nuclear escalation. This is the view upheld by the father of the "N-bomb," the American physicist Samuel T. Cohen whose book on this subject, "Echec a la Guerre," has just been published by Editions Copernic. He explained the reasons for his active support of this weapon to LE MATIN in the following interview.

[Question] Can you explain for us the neutron bomb's specific characteristics when compared with other tactical nuclear weapons?

[Answer] It is totally different from the others. It uses nuclear fusion. Unlike nuclear fission, fusion enhances nuclear radiation while at the same time minimizing blast and heat effects, as well as radioactive contamination.

[Question] In your book, you seem to say that it is a defensive weapon designed mainly to neutralize a conventional type military attack, by tanks for example.

[Answer] No, it is both a defensive and offensive weapon. In case of Soviet aggression, it could be used in a defensive role by NATO countries because it would destroy the Soviet tanks without destroying the industrial capacity of the European countries being invaded. But I believe that, for the USSR, it could be an offensive weapon. Besides, the Soviets have admitted this.

[Question] When?

[Answer] Marshal Kotmistrov said so in December 1978 on Soviet television.

[Question] You seem to have doubts about the credibility of the "American umbrella" in the event of a nuclear conflict in the European theater.

[Answer] It would be senseless. The Americans would not save Europe because that would mean committing suicide.

[Question] Is it your opinion then that the United States would not intervene?

[Answer] Unless it were led by a senseless president.

[Question] Hence the neutron bomb would be especially advantageous to the European countries.

[Answer] It is advantageous to all countries threatened by a land attack. One example: South Korea against North Korea.

[Question] Do you feel, therefore, that the United States does not need this weapon?

[Answer] Not to defend its borders. But it could have a requirement for it in a military alliance posture.

[Question] If France were to decide, this summer, to equip itself with the enhanced-radiation weapon, would it be the first country to make that decision?

[Answer] Publicly, yes.

[Question] What are you implying?

[Answer] The United States and England have not, for their part, announced any public decision. In the case of the Soviet Union, Leonid Brezhnev told some U.S. senators visiting Moscow in 1978 that the USSR had already successfully tested the neutron bomb. In fact, this is quite evident, to anyone who carefully scans the Soviet military press.

Implications of Deployment

Paris LE MONDE in French 30 Apr 80 p 2

[Commentary by Georges Sarre, Socialist Party member of the European Parliament and alderman of the city of Paris: "A Plea For Peace"]

> [Text] Editor's Note: The armed forces chief of staff believes the neutron bomb can meet France's requirements. One of the American fathers of this weapon, Samuel Cohen, has already explained its advantages. On this page, three opponents of the neutron bomb refute their arguments. [Translation of the commentaries by the other two opponents, Pierre Dabezies and Dominique Halevy, follow this translation of George Sarre's commentary.]

the case with the neutron bomb is indeed surprising. This weapon is alleged to have so many advantages that it is difficult to see why it is not already included in all of the arsenals throughout the world.

Its sole disadvantage, I dare say, is that it paves the way for war, and under conditions which, though new, are utterly terrifying.

By the magnitude of the havoc they could create, and by the massive destruction they imply, strategic nuclear weapons are typically the weapons of the refusal of battle. The disproportion between the stakes involved and the risks are such that any comparison is beyond all rationality. Deterrence is the refusal of war. And if French socialists have adopted the principle of maintaining operationally ready nuclear forces, it is primarily because they believe this independent capability of deterrence measures up to preventing a conflict in Europe, a conflict whose scope and magnitude would be determined solely by the superpowers.

It is just the opposite with the enhanced-radiation bomb which seeks to circumvent the doctrine of deterrence. These new weapons become especially dangerous the more their range and yield are reduced. For their use then becomes more credible. Whereas the danger of conflict was averted by the threat of massive retaliation, such danger becomes logical with the miniaturization is the trend currently being followed in NATO countries. The Americans are deploying Lance missiles that are capable of equally conventional or nuclear warheads.

Nuclear warhead yields are being lowered to 5 or 10 kilotons, and their accuracy is being increased tremendously. In short, great strides are being made in the development of general-purpose nuclear weaponry.

The neutron weapon reintroduces onto the strategic scene the assumption of a conflict, an assumption which deterrence had heretofore removed from that scene. Is this change a chance development or the result of technological evolution? Definitely not.

It constitutes an effort to rearrange the Atlantic military system around the flexible response doctrine. A thermonuclear exchange between the territories of the two superpowers appears to be definitely banned.

This basic principle remains in effect, even though ratification of SALT II has been suspended. In fact, SALT-type negotiations cannot be abandoned by the superpowers, save by reverting to the deployment of antiballistic missiles (ABM), a prohibitively costly project leading to militarization of the entire territory. Nobody is prepared to make such a sacrifice. The "sanctuarization" of the two superpowers remains mutually assured, but such is not the case with the European territory. It follows therefrom that, according to the Pentagon's designs, defense of the Atlantic community begins in Europe, and all weapons designed for employment instead of deterrence are developed with this fact in mind. This is first and foremost

the case with tactical nuclear weapons. In this connection, it is significant to note the steady increase of funds appropriated in France for tactical weapons, especially for the Pluton [missiles] and the Super Pluton program, ever since Giscard d'Estaing became president. Integration into the Atlantic community: such is the future which Giscardism has designed for France. And while this policy is reflected on the economic, industrial, monetary, and cultural levels, it is no surprise to find its imprint on military matters too.

Atlantic Integration

The French Government's current keen interest in the neutron bomb is, therefore, more than suspect. Adoption of this weapon by the French defense system would be contrary to the doctrine of deterrence and would even contribute to weakening that doctrine. The only justification for this type of weapon is its employment on the assumption of a conflict. A genuinely independent deterrent is precisely designed to prohibit such an assumption by making it literally unthinkable, by reason of the risks of destruction it would entail for any possible aggressor.

On the eve of the National Assembly's debate on the new weapons issue, it is urgent to query the French Government on its real intentions in defense matters. Official statements can only convince the credulous, and RPR [Rally for the Republic] members of parliament are beginning to mistrust such statements. In actual fact, in trying to achieve his goal, namely integrating the French defense system into the overall Atlantic system, Giscard d'Estaing does not have the means of engaging in a confrontation. Thus the very principle of the independence of our defense will appear absurd after integration has won in all fields through a slow process of deterioration.

Socialists are attached to the independence of our defense not out of loyalty to principles, but because that independence is the best road to peace.

The great danger for France and Europe would be to become involved, by the logic of the blocs, in a conflict we would not have wanted. To hold ourselves aloof from that conflict, we must have means of refusing such involvement.

The neutron bomb is a move in the opposite direction: it gives primary consideration to the suicidal assumption of a battle in Europe, a battle in which a whole generation may die with no risks, because the environment would remain intact!

Effect on Deterrence

Paris LE MONDE in French 30 Apr 80 p 2

[Commentary by Pierre Dabezies, professor at University of Paris I and director of the Center for Defense Policy Studies: "The Decline of Deterrence"]

[Text] When Sam Cohen speculates about whether the neutron bomb conforms to capitalist, communist, or Christian principles, he undoubtedly raises a

vital issue. Yet the following question asked the same day by Jean-Marie Daillet, chairman of the UDF's [Union for French Democracy] defense committee, is more down-to-earth, more concrete: "Why deprive our country a priori of such an instrument of defense?"

We recall Michel Debre's recent comments on this problem (LE MONDE, 1 April): Like any other weapon, this weapon must not be judged on moral grounds. Consequently, "France can equip itself with them, but it is no priority matter." An equivocal view, because when we realize that from the standpoint of our budget and our necessarily limited strategic options, the future of our defense calls for more or less drastic choices, is not relegation of the neutron bomb to a low position on the scale of priorities tantamount to condemning it?

The former prime minister's assessment is admittedly akin to other assessments. One of these is, for example, that of Colonel Guy Lewin given in DEFENSE NATIONALE of January 1980. Lewin wrote that he was aware of the fact that this "munition"--General Gallois' term--is calculated to enhance the effectiveness of our combat forces by optimizing notably the initial warning counterblow they are supposed to deliver. He is also aware, however, that it is not a panacea, because a real antitank barrier implies not only weapons by the thousands, but also such surrounding conventional forces and support units and facilities that the savings in manpower and equipment invoked by the neutron bomb's supporters may well be illusive. We may even ask ourselves whether a--theoretically complementary--defense of this type is not inevitably destined to become purely and simply the exclusive defense.

There are, therefore, financial reservations about this weapon. Moreover, these are augmented by tactical reservations. The weapon's neutron effects are negligible some 2,000 meters beyond ground zero and, therefore, are of limited military range. On the other hand, this characteristic does not eliminate their danger to civilian populations in an urbanized area like Western Europe. Is not Sam Cohen the first one to emphasize that the enhanced-radiation weapon can be used just as effectively for offensive operations, and be used as such by the Soviets? Not to mention that knowing at the outset that the adversary is prepared, with its neutrons, to cross the nuclear threshold, the Soviets will thus have no reason to hesitate to employ, pursuant to their doctrine, their tactical nuclear weapons in incisively destroying anything that may oppose them. There are a number of commentators who suggest that--barrier for barrier--it would be better to use incapacitating gases or electronically guided precision weapons, both categories having the merit of at least remaining below the fateful threshold.

Same Trap

Miracle or myth? The initial argument advanced to justify establishment of a neutron line of defense is the uncertain character, the Maginot Line

aspect of strategic nuclear deterrence. Yet, the fact is that the proposed remedy falls into the same trap, in that it is designed to cope with but one hypothetical situation, namely a massive frontal tank attack which in the view of most experts is considered to be as improbable as it is possible!

Noting the fact that the neutron bomb is questionable from a technical standpoint is not enough. We must also weigh the effects of its insertion into our strategic system, for the latter is not a hobby or a whim, the proof being that the current president of the Republic, who hardly appeared to favor the system, has essentially retained it, after having hesitated somewhat at first.

In this strategic system where the weak deters the strong, where our resources are necessarily limited, and where it is out of the question for us to wage a real "battle" that is lost before it starts and is catastrophic in this atomic age, the problem is not one of being fascinated by the most trifling "gadgets" and thinking we have to possess "the whole range of weapons."

The problem from a budgetary standpoint is to remember that there is an old principle known as "economy forces." From a strategic standpoint, it is to prevent war. And from a political standpoint, it is to be independent enough so as not to let ourselves be led anywhere we do not wish to go.

Shift in Policy

In other words, we are hardly reassured! The neutron defense system advocated by Samuel Cohen and Marc Geneste, disciples of the theoreticians at Livermore and Los Alamos, means abandoning the "test" of a warning or significant counterblow, and also abandoning the vital and close link between employment of tactical nuclear weapons and strategic deterrence, all for the sole benefit of a battle we precisely want to avoid. While this shift or break in policy, which no one denies, does run counter to the flexible response doctrine by tying that doctrine down and ossifying it through establishment of a strong resistance barrier, on the other hand, it is also a move exactly in the direction of the evolution in American strategy which--to avoid all-out escalation between the two superpowers--is striving to recreate the conditions of a battle from which Europe will emerge free perhaps, but dead.

The neutron bomb thus contributes to this relative "decline of deterrence" stemming from a combination of factors, including fear of escalation, technological progress--notably in missile accuracy, source of the counter-force strategy--and the relentless Soviet advance toward parity which, by running counter to the American doctrine, partially alters the heretofore accepted rules of the deterrent game! Combat has, therefore, regained favor, and the boundaries between coventional and nuclear, tactical and

strategic, central systems and local systems, are threatened with extinction. As Jacques Isnard put it--LE MOND, 10 April 1978--"deterrence is demystified," nuclear war is commonplace, political control of the atomic threshold is doomed to be hypothetical, and the field in which forces operate is destabilized.

Is it an exaggeration to say that this is neither consistent with our strategy nor consistent with our interests?

Carried away by their own momentum, neutron bomb supporters eventually tend to disregard the overall picture. In his book "L'Adieu aux Armees" (published by Editions Albin Michel, 1978), General Gallois underscores, it is true, the determining character of the innovations that have occurred in the nature of weapons, so determining in fact, that weapons are no longer necessarily patterned after military concepts but now tend at times to shape those concepts.

It is possible, therefore, that the enhanced-radiation weapon is good for America which is concerned at one and the same time about avoiding escalation, reassuring its allies, and withdrawing a certain number of tactical nuclear weapons from the continental theater. The French problem is different. Our strategy is adapted to a specific "political design," namely the country's independence. Before abandoning that strategy or taking the risk of dislocating it in favor of a system whose validity has by no means been demonstrated, it is better to make sure we do not give up what is essential. Yet this is exactly what we fear may happen. By giving the neutron bomb priority ranking, we not only jeopardize, for budgetary reasons, that strategic nuclear instrument which unquestionably secures us a certain freedom of political and military action, but--in this case, as in all cases involving battle and massive troop deployments--we embark on a course that inevitably leads to strict planning and, in a word, increased integration within NATO.

New version of "The Bridge Over the River Kwai": without even mentioning the "military-industrial" or "military-administrative complex," it is understanable that certain technicians, carried away by their passion for innovation, by the satisfaction of success and the impetus of progress at all costs, eventually get to a point where they consider their discovery as an end in itself and advocate its application without considering the overall purpose it is supposed to serve. The same is true of certain military officers who--instinctively seeking to throw off the yoke of deterrence--dream of counterblows, direct hits, concrete actions, if not of great cavalry charges. Is it surprising, therefore, that these technicians and military officers should lend a ready ear to the sirens of revised rules of the game?

There is no lack of such sirens. Not only because of the erosion of the "no-battle" idea, intensified perhaps by the new possibilities offered by electronics, but also--oddly enough--because of the unexpected consensus achieved in France on our withdrawal from NATO and our present defense

system. It is a relative consensus because its motivations do differ here and there. It is a partial consensus, but, nevertheless, a consensus which, at the same time, compels those persons with the nostalgia of Atlanticism, as well as the supporters of an immediately united Europe at any price, to mask their forward moves because they realize that the bar to integration is precisely our strategic nuclear defense. Was it for nothing that some members of the European Parliament tried--the very first week of that assembly session in Strasbourg--to extend their competence to arms and defense matters?

Thus the process is one of imposing change--which amounts to a new alinement within NATO where new tactics are being prepared--step by step without risking discredit. Many of those advocating this change are actually members of the president's party and cannot make statements against the official doctrine.

In the meantime, being unable to tackle the problem politically and not daring to do much on the strategic level, advocates of change are using the technical approach. The neutron bomb, new weapons, conventional forces, tactical nuclear missiles, etc., everything is suitable for the purpose of suggesting the "myth of deterrence" and "the excessive nature of strategic nuclear weapons even though critics do not go so far as to deem them obsolete or useless." In short, just as critics endeavored not so long ago to ridicule Gaullist policy in a negative way and via its strategy by referring to the "bombinette," today they are endeavoring, in a positive way to cast doubt in people's minds.

Neutron bomb or bombinette, the omens are often the same: Tell me which is your bomb and I shall tell you who you are!

Attack, Counterattack Scenarios

Paris LE MONDE in French 12 Apr 80 p 2

[Commentary by Dominique Halevy, a disarmament advocate: "A Weapon That is Too Tempting"]

[Text] When limited to what is important, namely the military realities, Samuel Cohen's bold book on the neutron bomb tells us that:

a. In an operation of conquest, this weapon would have the advantage of leaving intact most of the tangible property the operation is supposed to capture (with the exception of human and domestic flocks that would be "neutralized," a circumspect euphemism which in this case means killed by radiation).

b. In a close-in defensive situation, this weapon would have the merit of enabling a population, assumed to be in underground shelters, to clear, without risk, its national territory of invaders advancing by land. Hence it would follow that a curtain of death could, at propitious moments,

descend over specific defense perimeters and boundaries from which all civilians would have been evacuated, a curtain that would pin the invaders down in place.

If the situation is one of countering aggression, the representative cases vary depending on whether the country under attack has atomic weapons or not, depending on the type of aggression it has to cope with--atomic, bacteriological, chemical, neutron, or conventional--on how it responds to that aggression, and on how the aggressor retaliates to this response.

The neutron weapon provides the same services as bacteriological and chemical weapons, with--if what is said about it is true--much better accuracy and much greater safety of employment. Hence we can confine ourselves to three contingencies: "normal" atomic (A-bomb or H-bomb), conventional, and neutron (N-bomb).

a. If the country attacked has a mix of A-bombs and H-bombs, or a mix of A-bombs, H-bombs, and N-bombs, and yet is still the victim of aggression, this would mean deterrence had failed. It would mean the aggressor had taken the risk of nuclear retaliation and calculated, rightly or wrongly, that it would not occur, then we face a holocaust. If it does not occur, then each side keeps its instrucments of mutual suicide "in the closet" and the clash remains conventional, with the odds in favor of the enemy (who otherwise would not have taken the risk).

Battle Accepted

Of course--it is in the basic logic of deterrence--the country attacked had, nevertheless, previously assured the potential aggressor that it would respond with A-bombs or H-bombs to any attack, even a conventional attack, and a fortiori a neutron attack, or one including use of neutron warheads.

But if the aggressor is informed that the country being attacked has neutron weapons in its retaliatory arsenal, he can justifiably speculate that this country will be tempted to defer an A-bomb or H-bomb response against the aggressor's territory (out of fear of crushing retaliation in kind) in favor of the neutron-type defense touted by Samuel Cohen. The aggressor may, therefore, conclude that this country will accept battle.

By making the acceptance of battle more credible, possession of neutron weapons weakens the deterrent's credibility.

It is self-evident that if the unfortunate country being attacked, despairing of resisting with conventional weapons, makes first use of neutron weapons, to the most limited extent possible in that such use would be above its own territory or an innocent and intermediate territory, then the aggressor would not hesitate to become involved rapidly and on a large scale in the nuclear exchange system now accepted. It would also offer an opportunity to check the effectiveness of the strategy of anti-neutron burrows and the Christian character of the conflict (as for

Samuel Cohen, he is not about to be short of air). Unless the aggressor, instead of firing a pinpoint warning, immediately resorted to A-bombs or H-bombs. The N-bomb would then have served as a bridge between conventional weapons and "normal" nuclear weapons.

By offering an atom designed specifically for employment instead of deterrence, possession of neutron weapons compromises the atom designed for deterrence or frees it from restrictions.

It is absolutely predictable that actual recourse to neutron weapons in an armed conflict would inevitably lead to actual recourse to so-called deterrent atomic weapons for and by the side that has the upper hand. Once the atomic taboo is violated, there would no longer be any difference in the nature of the weapons, but merely in their type and degree of effectiveness.

b. If the country attacked has no A-bombs, H-bombs, and N-bombs, then we have another Vietnam or Afghanistan. If the aggressor avoids use of A-bombs or H-bombs, because such action would trigger world-wide reaction, and likewise avoids neutron "neutralization" of the entire nation being attacked (inordinately conspicuous genocide), what would keep that aggressor from effectively and discreetly wiping out all areas of resistance?

Rumors of such slaughter will spread rapidly and far. Will the world reaction be anything more than horrified consternation? The Americans employed chemical warfare weapons against Vietnam and there are strong indications that Soviet forces are employing gas against rebel villages and areas in Afghanistan. We become indignant, we protest--little: because we have so many other worries--they deny. What more? What would happen if neutron weapons were used as the final solution? Peoples and governments would tremble before the country having dared to use such weapons. Would they go so far as to start a general atomic holocaust?

The neutron-radiation weapon is a weapon whose use is so tempting that it must be banned.

The issue raised above deserves even greater attention when we consider the use of civil war, in a massacre perpetrated inside national boundaries by one of those half-crazed tyrants--Somoza, Bokassa, etc.,--that power sometimes secretes, tyrants assisted by a small team of uninhibited, unprincipled officials that the corridors of power sometimes secrete. To subdue a nation in revolt, there is no need to burn and destroy one's own cities in a blood bath, as was done in Nicaragua. Atomic death by radiation will do what is necessary. That day, the principle of non-interference in another country's internal affairs--a principle that is so often the crime of failing to assist someone in danger--will shine with full brillance. Nothing more.

And let no one tell us that a Somoza or Bokossa will never be allowed to have neutron weapons. Do you remember Hitler? Do you remember Stalin? Do you know what the future holds?

The neutron weapon is not a weapon to be put in the hands of any chief of state.

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CSO: 3100

VAN DER KLAAUW CALLS FOR CREDIBLE PERSPECTIVES ON NUCLEAR DISARMAMENT

The Hague ALGEMEEN NEDERLANDS PERSBUREAU in English 14 Aug 80 p 10

[Text] Geneva, August 13--Dutch Foreign Minister Chris van der Klaauw warned here today that it would not be possible in the long run to prevent the acquisition of nuclear weapons by additional states if the world does not succeed in stopping the nuclear arms race and in creating a credible perspective on nuclear disarmament.

He told a conference reviewing the implementation of the nuclear non-proliferation treaty that no one expected instant nuclear disarmament.

'We have to show, however, that we not only agree in words to nuclear disarmament in the long run, but also in practice.'

He went on to say that a comprehensive test ban alone--although of the utmost importance--did not solve that problem.

Concrete Measures

'If the nuclear weapon states show by concrete measures that they are indeed working towards a nuclear free world in the long run, the situation would still be different from the present one in which measures are mainly directed towards regulating the arms race.

'Regulating the nuclear arsenals is of course important, but certainly not sufficient. Nuclear arms control and disarmament is extremely difficult and complex, also taking into account regional imbalances in conventional forces, but it is the only way to prevent nuclear disaster in the long run.

SALT II

Dr Van der Klaauw said that for the short term ratification of SALT II was essential. 'We want to see a long-term multilateral comprehensive test ban as a basic step in our non-proliferation efforts.

'We would like to see a strengthening of negative security guarantees towards non-aligned non-nuclear weapon states. We want to see meaningful negotiations on the new nuclear weapons in Europe.

He went on that in the coming years substantial reductions of the nuclear weapons arsenal must be achieved in SALT III including qualitative restrictions.

'We would like to see the anti-satellite warfare talks being continued, since anti-satellite warfare is potentially extremely destabilizing.'

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GENERAL CLOSE TERMS NATO STRATEGY INADEQUATE

Brussels SPECIAL/L'EVENTAIL in French 8 Aug 80 pp 11-12

[Report on lecture by General Robert Close to Movement d'Action pour l'Unite Europeenne at the Cercle Royale Gallois in Brussels; date not given]

[Text] A few days ago, General Robert Close, Belgian Army retired, gave a lecture in the Cercle Royale Gallois at the invitation of the Action Movement for European Unity. Close discussed the difficult question of regional strategy versus global strategy within the Atlantic Alliance. In so doing, he speculated about reasons for redefining a strategy which no longer meets our security requirements in the context of a defense of Europe, a subject about which we must no longer have any illusions.

Robert Close said he believed that, as things now stand, there are four factors which determine the present state of the world around us. These factors are: the worrisome domestic situation which is somewhat strangely reminiscent of the 1930's; the change in the strategic environment brought about by the fact that the era of American superiority is over and has given way to strategic parity; rapid American reinforcement designed to move 1 million men and 10 million pieces of equipment to Europe in a crisis; and lastly the increased awareness of the general public which is becoming more and more concerned about its security and survival.

In dwelling upon the fact that this is no longer the time for optimism, Close reminded his audience that for 30 years we lived under the American umbrella and in a sort of comfortable complacency that led us to neglect our conventional forces and attack more importance to deterrence than to defense. In fact, a tangible as well as foreseeable change did occur. It will be recalled that after World War II, the United States had a monopoly on the "supreme" weapon until the advent of Soviet sputniks and intercontinental missiles altered the strategy of massive retaliation. When America became apparently vulnerable, a radical change had to be made in the West's strategy by adopting the tactic of a response commensurate with the magnitude of the attack. This new flexible response strategy should have been

accompanied by a reinforcement of conventional forces. But this was not done. General Close asserted that therein definitely lies the paradox whereby our conventional forces are weaker now than during the period the strategy of massive retaliation was in effect. Furthermore, we must admit that the current recession and other economic difficulties considerably hamper our defense because it is a well known fact that electoral maneuvers aimed at cutting defense expenditures are always profitable. As a result, in slightly less than 10 years, the West reduced its military capability by one-half million men while the East was increasing its capability by 1 million men. In addition, the USSR's purely continental and regional strategy has evolved into a global strategy of expansionism. It must be acknowledged that in 1945, the West did exaggerate the Stalinist threat. But, as Robert Close explained, it was the Cuban missile crisis which made the Soviet Union realize it had to achieve strategic parity with the United States by building a powerful navy which today crisscrosses all the seas of the world.

There is now no longer any doubt about Soviet expansionism: Afghanistan is proof of it. Such expansionism exists quite simply because the West has never countered it with firm responses. These are hardly favorable times for the West, because it has neglected the means of guaranteeing its security, not to mention the legion of diverse problems within the Atlantic Alliance. And General Close believes that at a time when the interdependence of nation's is an established fact, there is a direct link between regional strategy and global strategy.

That is why there are two possible scenarios for any likely future conflict. One is an East-West clash in Central Europe, the other an indirect attack on our sources of supply in the Middle East. Indeed the latter possibility is why Robert Close contends it is inconceivable that the Soviets can withdraw from Afghanistan, an area which gives them an ideal springboard from which to seize control of the Middle Eastern oil fields and thereby cut off our energy supplies. In addition, the disproportion between East and West is also marked by the fact that the United States has insufficient airlift capacity and only two airborne divisions capable of being operational within 48 hours versus 25 Soviet divisions deployed within 3 weeks time. It must be acknowledged that the United States is the only one of our allies capable of conducting an external operation out to the farthest edge of NATO's boundaries. Under these circumstances, is it conceivable that the United States alone can maintain both global strategic deterrence and Eurostrategic deterrence, while at the same time ensuring maintenance of 300,000 troops in Europe as well as all maritime lines of communication between Europe and the United States, and while initiating action in the Middle East, a region much more vital to Europe than to the United States? "For if we take and stick to a negative attitude, we shall be the gravediggers of our own security which we have already inordinately neglected."

General Close then described the USSR as an expansionist power that wants to achieve worldwide hegemony, without a war if possible. But it is inconceivable that Western Europe, with its population of 300 million and a gross national product three times greater than the Soviet GNP, cannot establish a well-knit, sound defense.

Robert Close suggested: "Why not consider forming strictly defensive territorial units that can operate as a people's deterrent force? If we think in Eurostrategic terms, we should be able to possess and control the means of crushing the enemy. In short, we ought to have a deterrent capability which prevents us from being victims of any political blackmail. Because under the present circumstances, we have no recourse against this kind of threat. But if we think in terms of conventional defense, we would have to have the courage to abandon "professionalization" [all-volunteer, career armed forces] and revert to compulsory military service of 15 months, a change that would save us several billion francs."

It is evident, therefore, that remedies to the present situation do exist. But if no effort is made, and if the United States starts to disengage itself from Europe, or vice versa, then we are liable to witness the USSR scoring its greatest victory since World War II.

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POLL SHOWS YOUTH INDIFFERENT TO POLITICS

Brussels DE STANDAARD in Dutch 23 Jul 80 p 2

[Article: "UNIOP Poll: Politics Leaves Belgian Youth Pretty Much Indifferent"]

[Text] The Inter-university Opinion Poll Institute [UNIOP] has published its syntheais of the results of the study concerning the attitude of youth with regard to political events and the parliamentary system. It shows that unemployment, the energy crisis and the cost of living increase are the three most important problems for youth in Belgium. They show comparatively little interest in political life, and the parliamentary system does not seem to arouse any particularly enthusiastic reactions. The study polled 957 youth between the ages of 16 and 21, and this between 18 February and 20 April 1980.

Only one youth out of four claimed to have a fairly large or a large interest in Belgian political life. The parliamentary system barely elicited their enthusiasm: it is neither better nor worse than other systems. Nevertheless, there were very few who took an outspoken negative stand. The complexity of the problems to be solved was mentioned as the most important cause of our political difficulties. The large majority of the youth rejected a stronger system, which would affect fundamental rights.

A change in our institutions did not elicit any really hostile reactions. Thus, the majority would like the prime minister to be elected directly by the people. Opinions are divided as to an extension of the political power of the king. Opinions are also divided about the future of our political system. The youth appear to be strongly attached to the characteristics of our system. Rated in order of importance, they are: individual liberties, elections, the rights of the opposition, Belgian unity, parliament, representation of the interests of organizations, regionalization, and the monarchy. According to the opinions expressed by the youth, fundamental rights are pretty well respected by the authorities. However, this is least the case for freedom of the press, protection of private life, the right of free expression of opinion and the right to live where one wants to. Yet, Belgium is considered to be the country where individual rights are best protected, together with Sweden and the United States. However,

a majority of the youth hold the opinion that the individual rights of youth are not guaranteed in the same way as those of adults.

Image

The synthesis notes that opinions held by the youth with regard to parliamentary work are rather realistic. The work in various committees and next the rendering of services, are mentioned most frequently as important activities of a member of parliament, even more than his presence at public meetings in parliament. However, the image of members of parliament is rather bad in terms of their knowledge of the problems of their voters; the effectiveness of the steps they would take; the defense of the interests of their voters and their salary, which is considered excessive. The image of party militants is not any better: they are assumed to strive primarily for their own interests.

The number of youth who read political articles in newspapers and journals or who listen to news broadcasts on radio or television is not very significant. Finally, the youth have the feeling that they receive little information about new legislation in general. Let us also note that more than half of the youth (57 percent) do not intend to join any political organization. Only 4 percent of the youth claim to be already members of a party.

The Flemish youth seem to be less sensitive to the poor operation of the institutions than the youth from Wallonia and Brussels. They are more interested in Belgian political undertakings and are very critical of the parliamentary system. Generally speaking, the Flemish youth are more optimistic and believe that our institutions are up to the difficulties at hand. The young Walloons are less interested in political activities, but have a greater interest in the power of party leaders. The young people of Brussels talk more about the instability of the government and the poor operation of the institutions. They do take a more positive attitude toward the parliamentary system, but are more critical of members of parliament. Let us also mention that boys are better informed about politics than girls. These are the most significant conclusions included in the synthesis of the results of the study about the role of the Belgian parliament, which was carried out for the House of Representatives.

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CSO: 3105

CVP PROTESTS ATTACKS IN SP TOBBACK's INTERVIEW

Brussels DE STANDAARD in Dutch 23 Jul 80 p 1

[Article: "CVP Angry About Tobback's Jellyfish Statement"]

[Text] The CVP [Social Christian Party] council issued a sharp communique with reference to the interview given by socialist parliamentary party leader Tobback to the weekly VRIJ NEDERLAND.

As is known, during the interview Tobback referred to the Christian democrats as "jellyfish" and said that PSC [Christian Social Party] Minister Nothomb would appear in the Grande Place in his underwear in order to remain a minister. Furthermore, he advised NATO Secretary General Luns (of the Dutch Catholic People's Party) to have his calcification of the brain attended to.

In a communique issued yesterday, the CVP council drew the attention of Flemish public opinion "to the vulgar abusive language which socialist parliamentary party leader Tobback allowed to be reproduced in a Dutch weekly." The CVP took note of Tobback's "below the belt blows against coalition partners and ministers, his class struggle rhetoric, his verbal frivolity when delicate government matters and the security of the nation are at stake."

As a result of this, the CVP reached the conclusion "that parliamentary party leader Tobback treats his partners in such a way that the question should be asked whether he is not making straight for an open rift with the Christian democrats. As of now, his language is already contributing to a worsening of political morality and the political climate." Finally, the CVP is wondering whether the majority of the Flemish socialists stand behind the objectionable statements of parliamentary party leader Tobback.

Comments are being made in CVP circles to the effect that the "Tobback case" is not the only one. In the Senate, SP [Socialist Party] parliamentary party leader Wijninckx also harasses the CVP with spiteful remarks and, during an interview, SP State Secretary Willockx had nothing good to say about the CVP program points with regard to family income taxes. Nor have they yet forgotten how SP Minister Calewaert referred to the appointment

of Minister Geens to be deputy minister for education as "a sign of distrust." In short, within the CVP the conviction is imperceptibly growing that it is not a question of accidental flippancies by socialists in the heat of their argument, whether or not enlivened by a drink, but a deliberate campaign.

When asked about this, SP President Van Miert replied that he did not wish to comment on either the Tobback interview or the CVP communique. As a matter of fact, it was a personal statement by Tobback, which should not be seized upon to confuse relationships among the parties. We do not react when the president of the CVP youth attacks the SP either, said Van Miert.

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MARTENS III GOVERNMENT POSTPONES DEBATES UNTIL FALL

Brussels KNACK in Dutch 23 Jul 80 pp 16-18

[Article by Marc Reynebeau: "Those Who Are Afraid, Get Some Too"]

[Text] At a time when the Belgian citizen apparently desires nothing more than a little sunshine, the Rue de la Loi will, in any case, be able to count on a hot fall. Anyone who carefully studies the as yet short lifespan of the Martens III administration -- which was set up 2 months ago --, will notice an accumulation of sweeping measures at various levels, interspersed with incidents caused by unruly members of the government, who occasionally seem to be having a hard time with the administrative lines laid down in the government declaration. It looks as if the worst is yet to come, with the matter of nuclear missiles to be tackled, the 1981 budget already being prepared and the reform of social security.

It may well be that no Belgian government has ever introduced a more extensive government declaration in parliament than did Wilfried Martens last May when he asked for and received the vote of confidence for his six party administration. Such a government declaration, especially one of this scope, is very useful for the individuals involved, because it closely outlines the limits within which the administration must remain in order normally to be able to continue to rely on a parliamentary majority. It may well be that it is due to the size of this administration, that the government declaration is so comprehensive: each of the parties wanted to be certain to bind the whole coalition to its own input and nobody was willing to accept vague promises off-hand.

The fact that this administration had to include no less than 6 parties, good for about 85 percent of the House of Representatives, had actually exclusively to do with a single political /topic/ [in italics], the constitutional reform within the framework of the state reform, which requires a two-thirds majority. The threefold formula, with a government made up of Christian democrats, socialists and liberals, was the only one left untested to bring this matter to a good end. Now that the community parties

have been more or less counted out, the Martens II administration had to be expanded to include the liberals. Willy De Clercq and Jean Gol were willing, but they had their bill ready: tax reductions, the theme they had developed during their stint in the opposition, which had made them strong in the polls and which also makes them vulnerable, with pressure from the anti-tax party RAD/UDRT [Respect for Labor and Democracy/ Democratic Union for the Respect of Labor] on their right.

Thus, the Martens III administration did two things: a state reform was worked out as well as a budget bill, two subjects which could not stand any further delay, and which are being mercilessly rammed down the throats of the representatives, who are being asked to ratify both as soon as possible under penalty of further vacation delay. With regard to the state reform, the particular bill definitely, and preferably also the ordinary bill, should get a final rounding out in August, because the problem of Brussels is not included. It should be taken out of the freezer in the fall, and should be finally completed by the time of the October 1982 municipal elections. It is clear that this will be a painful matter. Not only has the problem of Brussels /always/ [in italics] been the stumbling block in community negotiations, scarcely anything else besides Brussels was discussed during the current parliamentary debates, even though this matter was not on the agenda. Distrust is particularly strong in French speaking circles in Brissels, which fear that the Flanders and Wallonia will get so many powers assigned to them that there will be practically nothing left for the capital region.

However, the community fatigue is not such that it would yet be able to put many obstacles in the way of the hanging state reform prior to summer recess. A CVP [Social Christian Party] amendment, contrary to the government agreement, not to have all senators elected directly, but to maintain a form of co-option, did not cause any nervousness among the Flemish socialists either, who proceeded to oppose the amendment.

This sort of thing seems to annoy the socialists terribly, all the more so as they themselves are regularly accused of not respecting agreements they have entered into or of at least questioning them, with such incidents as those surrounding Minister of Education Willy Calewaert, Senate parliamentary party President Joz. Wijninckx, State Secretary of Finance Freddy Willockx and a few others, while they had to witness Minister of Defense Charles Poswick requesting an increase for his weapons to the tune of 12 billion francs (this is an increase of his budget by 15 percent) and with regard to a shrinking of the highest pensions which involved resistance primarily from the PRL [Party of Liberty and Reform] circles. The unexpected replacement of Minister of Finance Robert Henrion by oil boss Paul Hatry did not sit well in socialist circles either. SP [Socialist Party] President Karel van Miert might well have wanted to take advantage of the replacement to arrange something with regard to the protocol on the distribution of powers between the minister of finance and State Secretary Willockx. This protocol still does not exist.

As far as public finances are concerned, the Martens III administration primarily wanted to stick to the limitation of the current deficit to 82 billion francs and of the net balance to be financed to 230 billion, as had also been provided in the retrenchment bill of the Martens II administration. The liberal fiscal measures and the additional necessary expenditures (6 billion additional credits due to the increased costs of the public debt and 3.9 billion additional expenditures, among other things for retirement benefits and maintaining the welfare level) had to be placed within this framework. Requested additional credits in the amount of 12.3 billion francs were rejected, while the 2.2 percent operation was continued. The extra 5 billion to maintain jobs in education will be compensated in the framework of the capital operations for 1980.

The fiscal operation is characterized by a shift from direct taxes to indirect ones, by a decrease of the former and na increase of the latter, with the objective of reducing overall taxation. The decrease in direct taxes is largely related to personal taxes, with first of all decumulation whereby the incomes of spouses who both hold jobs are no longer added together. During the negotiations, the liberals wanted nothing to do with any ceilings in this regard; this means that decumulation would be unlimited. Under socialist pressure this was haggled down, so that in the end the operation will take place in different stages. For 1980, a ceiling of 600,000 francs was adopted, which would then increase every year, up to 2.5 million in 1984. VU [People's Union] member of parliament Willy Dessayere figured out that a millionaire household with a net taxable income of 2.5 million francs in 1984, will get a tax reduction of no less than 226,638 francs, which is approximately the amount an unemployed individual costs the state. Even though these stages are laid down in the budget act, many elected representatives of the people (also among the CVP) have already been overheard to suggest in the halls of parliament that they will never approve this 2.5 million figure when it will actually have to be implemented. And they add with precision that, after all, 1984 is beyond the term of the current administration, but PVV [Party of Liberty and Progress] President De Clercq is positive: the government in which his party participates, will demand that the operation be carried out. Other tax reductions relate to a /splitting/ for single income households, and measures favoring large families. All in all, this is supposed to result in a 12.5 billion franc decrease in taxes and will thus represent a loss of income for the state. With additional expenditures of 4.9 billion, this means that 22.4 billion francs worth of new income had to be found.

This was found, first of all, in 13 billion francs in additional savings in all departments, beyond the 2.2 percent savings. A more intensive battle against fiscal fraud is supposed to yield 3.5 billion francs, the remainder, approximately 6 billion, will come from new taxes. On an annual basis, this means 12 billion (considering the fact that the budget act only covers the last 6 months of 1980), where the liberal side would have liked to see 16 or 17 billion. The 6 billion francs will come from excise and BTW [Value-added Tax] hikes, in relation to which a few liberal proposals -- for example, to put a heavier tax on electrical household appliances

-- were rejected. With an eye on the 1981 budget, a number of additional receipts for the state are provided through the elimination of the special tax system for dividends paid by intermunicipal organizations, an increase of the death duty for large inheritances, and a tax increase on insurance contracts, which has to be carried by the insurance companies.

The socialists like to think of this latter group of tax hikes (intermunicipal organizations, inheritances, insurance) as an achievement, much the same as the maintenance of index coupling and the prospect of the creation of a national bank, which, it is true, was not included in the government declaration, but for which moral agreements do exist. This is socialist crisis management at its best; there are apparently no other ambitions besides the safeguarding of a few essential social achievements.

The liberals are very much satisfied, at least with regard to the tax arrangements. For the 6 months of 1980 and the year 1981, they figure the reduction of the "labor tax" (as they call the direct taxes) at 50.2 billion, and the increase of "consumption tax" (indirect taxes) at 17.5 billion, so that over an 18 month period "the citizen" will have to pay 32.7 billion less taxes. This is actually a little too optimistic, considering that De Clercq did not figure the increase of indirect taxes (6 billion for the last 6 months of 1980) on a yearly basis and thus anticipated also 6 billion for 1981, while it should have been 12 billion. Consequently, the overall tax reduction for 1981 is significantly lower than the 19.9 billion postulated by the liberals. According to the government agreement, De Clercq's 32.7 billion are actually 25 billion, while calculations of the real return "only" show 21 billion.

Witch Hunt

When the 1980 budget was prepared, there was still room for some savings, 2.2 percent here and 13 billion there. This room, however limited and however painful as it may be, is already non-existant in terms of the 1981 budget. When also considering a further limitation of the current deficit (82 billion for 1980, maybe 60 billion for 1981), it becomes apparent that very drastic measures will have to be taken.

The liberal side upholds the philosophy that, at the fiscal level, the /acquisition/ [in italics] of wealth must continue to take precedence over the /spending/ [in italics] of it, because the creative and active forces should not have their motivation taken away. Whether the monetary means freed by the tax reduction will actually be brought into the economic cycle, is a question which Willy De Clercq answers by postulating that the flight of capital is much larger now than it used to be when things were still going well. Indeed, for him the flight of capital -- much the same as tax fraud -- is a /symptom/ [in italics], a sign of distrust, the cause of which must be sought in, among other things, excessive taxes.

Within the 1981 budget, which the inner cabinet is already working on now, social security and more specifically the financing of its deficit (budgeted

at 30 to 35 billion francs, if the decrease in tax receipts resulting from an increase of the contribution ceilings is taken into account) will play a very important role. In this context, the liberal side is insisting on vigorous reforms, especially with regard to a more selective granting of social benefits, and an effective tackling of social fraud which, still according to the liberals, is good for several tens of billions of francs.

Liberal Vision

This is naturally disputed by the union and socialist sides. Social fraud does exist, they say, but maybe in the amount of 5 to 10 billion francs. If one wants to tackle this -- and this must be done, if for no other reason than that the abuses put the social security system itself in a bad light --, then those who make it possible must also be tackled: employers who allow unemployed individuals to supplement their income through unreported work, doctors who make out unnecessary health certificates. Furthermore, this must not stir up a witch hunt, as a result of which the 85 percent /bona fide/ [in italics] recipients of social security would also be affected. And there is the added consideration that social fraud is nothing in comparison with tax fraud (197 billion francs in 1979, according to ULB [Free University of Brussels] Professor Max Frank). In short, those who earn the most must make the greatest efforts when it comes to savings.

Thus, there is enough conflict material for the fall, even though the social debate is still continuing in the immediate future, and the government intends to cut the knot there, with or without the consent of the social partners.

Since the problems of public finances and social security are, to an important extent, concerned with economic difficulties, the healing of the budget will depend to an important extent on the analysis that is made of the crisis. Minister of Economic Affairs Willy Claes (SP) and the Finance Board, a group of bankers, made approximately the same analysis, but their conclusions will probably differ. Willy De Clercq, for example, also postulates that the problems are not primarily tied to sectors, but are determined separately by enterprise (management, for example). However bad the state of the economy may be, some sectors did make adequate profits and last year, according to the annual report of the Ministry of Economic Affairs, there was a 3 percent increase in productivity and a 13 percent increase in investments.

Next to the budget, social security and the Brussels section of state reform, there is also the question of nuclear missiles. Here too, resistance was strongest from the socialist side, where the resolution was made to make maximal use of the waiting period prior to making a decision (according to the government agreement, until the end of 1981). In spite of this, it seems that last month, at the NATO summit meeting in Ankara, Minister of Foreign Affairs Charles-Ferdinand Nothomb (PSC [Christian Social Party]) did after all make certain promises with regard to the installation of the missiles on Belgian territory. Last week, in the ministerial committee

for foreign affairs, he also insisted on a quick government decision on the matter, and Willy De Clercq believes that the minister must have had his reasons for doing so, taking into account the "needs" of our defense. Like its French speaking sister party, the PVV [Party of Liberty and Progress] apparently does not accept any unnecessary delay either in producing a quick decision, whatever the newspapers may have written about it last week.

In all these debates, which seem to be taking place primarily between liberals and socialists, one voice remains silent: it is awfully quiet in the Rue des Deux Eglises. Nobody seems to know for sure what the CVP actually wants, so that there is a great deal of speculation: according to some, the CVP is not very happy with liberal participation in the government, while, according to others, a certain CVP group wants to roll the socialists out of the government. One thing is certain: when the state reform has been rushed through parliament, the administration will be able to manage for a while without a two-thirds majority, so that either liberals or socialists could be disposed with. The CVP will also have to take a stand in this growing, whether or not stimulated, liberal-socialist conflict. Last but not least then, this will also be the moment of truth for Wilfried Martens.

8463
CSO: 3105

DEFENSE MINISTRY STALLS PURCHASE OF 'DAUPHIN' HELICOPTERS

Brussels LE SOIR in French 2 Aug 80 pp 1, 2

[Article by Pierre Bary: "Belgium Is Not in a Hurry To Choose the Dauphin, Favorite of the Aircraft Market"]

[Text] Has the French Aerospatiale Company [SNIAS--National Industrial Aerospace Company] acquired in Belgium a new contract of the century in the order of 6 billion Belgian francs for the supply of about 40 Dauphin helicopters to the Belgium army? The correspondent of AGENCE FRANCE PRESSE in Brussels believes he is in a position to assert this by noting that the first units of the helicopter considered "as the most modern and the best equipped at the present time" could be delivered during the 1982-1983 period.

Indeed, the question of the replacement of our 68 Alouette II helicopters produced by the Aerospatiale Company the first units of which went into service in 1959 has been on the carpet for some time already.

On several occasions, at the time of maneuvers, officers have told us of the need to envision the purchase of new equipment able to fulfill not only liaison and surveillance missions as is the case with the Alouette II's but also offensive missions in antitank combat. But the acquisition of assault helicopters similar to those outfitting the armed forces of major countries has never been envisioned in any way. Furthermore, this equipment costs far in excess of our budgetary means.

The question of the successor to our Alouette II helicopters has thus been topical for a long while now. It is true that the minister of defense, Charles Poswick, has had on his desk for a few days an initial report which contains only generalities. If the minister approves the general conclusions contained in this document the general staff will prepare a second report--essentially a budgetary one--for the attention of the CMCES [Ministerial Committee for Economic and Social Coordination].

It is only after receiving the ministerial green light that the military could then undertake their initial evaluations concerning the various

competing helicopters. The procedure that would be used starting at that time is that which was followed in connection with the acquisition of troop transports. And one will recall that that procedure took years, not months. It is true that the debate had been lively. Everything indicates that the same could be true for this new contract which could also lead to regional and community objections as has already occurred in the past in connection with fixed-wing aircraft.

Under these conditions there is no possibility that the initial credits which may be spread out over a period of from 5 to 8 years--could still be included in the 1981 budget now in preparation. At best, they could figure in the 1982 budget which means--considering the compensation agreements to be effected--that the initial helicopters could not be delivered before the end of 1983 or early 1984.

Apart from the French Dauphin helicopter which exists in a one- or two-turbine civilian version and which has already been seen in the Brussels' sky the following also continue to be possibilities: The BO-105 of the German firm of MBB [Messerschmidt-Bolkow-Blohm] and the A-109 of the Italian firm Agusta. These three types of helicopters can carry two "hot" antitank missile launchers produced by the French-German Euromissile consortium which the British joined recently.

AGENCE FRANCE PRESSE also mentioned among the competitors involved the French-British Lynx helicopter and the BK-117 designed jointly by MBB and the Japanese Kawasaki firm. However, the cost prices of these helicopters are so high that they exceed Belgium's budgetary means. Accordingly, there is every reason to believe that the choice will finally be made among the three helicopters mentioned earlier. This means that the French Dauphin is in a strong position, but to jump from there to the conclusion that it has already been selected is perhaps to count chickens before they hatch.

This explains the fact that at the Ministry of Defense, without underestimating the importance of endowing the Belgian army with helicopters which would not replace all our Alouette II helicopters from one day to the next, it is felt that one should not put the cart before the horse; "A procedure is under way," it is said, "and the latter must follow its course. In any case, it is too early to second guess the decision that will be taken."

2662
CSO: 3100

SENATE DEBATES INSTITUTIONAL REFORMS

Brussels LE SOIR in French 6 Aug 80 p 2

[Article by J. Ly.: "Senators Discuss Status and Prospects of Institutional Reform"]

[Text] A prevacation atmosphere prevailed in the Senate on Wednesday when the senators discussed the final government bill on institutional reform. The vacation mood was so pervasive on the floor of the upper house that chairman Leemans was obliged to ask the members to be quiet during Senator Waltniel's--PVV [Party of Liberty and Progress]--reading of the report from the Committee on Institutional Reforms.

Many political observers view this final stage as almost a formality. It is difficult, in fact, to see what could possibly block passage of Bill 619, now redesignated Bill 504 on the financing of the new institutions and also on their operation in general. The best proof of this was probably the relatively limited number of senators present for these deliberations. "August fever" had already thinned their ranks.

Thus there were not many persons listening to the general discussion of the bill. Admittedly all arguments, pro and con, had previously been fully or partially advanced by speakers in the lower house last week.

This Senate debate was the time chosen by several senators to draw conclusions from this long intercommunity excursion. Senator Andre, leader of the PSC [Social Christian Party] parliamentary group, had certainly not waited for this moment to express his more than mitigated opinion of the government bill. On Wednesday, he reaffirmed his position, but justified his stand at the time of the voting by pointing to the choice the Social Christians had to make between either continuing to seek an impossible perfectionism for months and years on end, and thereby slowly but surely place the country's existence in mortal danger, or advancing, imperfectly and incompletely perhaps, toward institutional reform, the sine qua non of the nation's very future.

Andre explained that the PSC had chosen "to move forward pragmatically rather than mark time in utopian fashion." Future prospects were also

discussed during this Senate Debate. The least important of these prospects is definitely not the future status of the Brussels region which the government has pledged to resolve "within a reasonable period of time," to quote the Council of State. In this connection, Mrs De Pauw--SP [Socialist Party]--stated that as far as national solidarity is concerned, Wallonia now owes something to Flanders. The representatives of the Flemish socialists said she felt it would be natural to reverse the flow of mutual solidarity and understanding, for example, on the issue of the rights to be granted to Flemish residents of Brussels in the future agreement on Brussels.

The federalist opposition--FDF [Democratic Front of French-Speaking Residents of Brussels], RW [Walloon Rally], and VU [Volksunie-Flemish People's Union]--took advantage of the general discussion of the bill to outline the arguments they will use when the bill is examined article by article. Their main argument will definitely focus on the financing of the new institutions. On this subject, Serge Moureaux (FDF) noted that the tax collected in Brussels will not be allocable to regional bodies that do not exist and, therefore, will be absorbed by the central government. The opposition senators stressed that only a small part of that tax will be redistributed to the Brussels region.

Senator Van der Elst, leader of the VU group, argued that Flemings are paying too dearly for an institutional reform program demanded mainly by Walloons. If this discussion of the bill ends this Thursday, as comments heard in the Senate corridors indicate, the senators will thus have another whole day to assess the validity of this criticism. In any case, the drawn faces are indicative of fatigue, and very few of the senators wish to prolong the debate even a trifle more.

8041
CSO: 3100

LETTER URGES LIBERAL MINISTERS TO BE INTRANSIGENT

Brussels LE SOIR in French 8 Aug 80 p 2

[Article: "Liberal Cabinet Ministers Intransigent on Budget, Social Security, and Defense Issues"]

[Text] Flemish and French-speaking Liberal members of the government have received from their respective chairmen, Willy De Clercq and Jean Gol, a letter congratulating them on the work they have already accomplished as part of the Martens 3 governmental team. The letter also cautions them, however, about three difficult issues which still require rapid settlement, namely the budget, social security reform, and defense policy. The Liberal ministers are urged to be intransigent on all three issues. The following are extracts from the aforementioned letter.

"As for the social security deficit, it is increasingly obvious that it will be difficult to obtain an agreement between the social partners. Certain labor organizations actually think they have sufficient support within the governmental coalition to obviate any necessity of reaching a social compromise. The best proof of this can be found in the reaction of certain labor unions each time authorities propose a concrete plan for reorganization of the social security system. These reactions are always negative.

"It must be understood that reorganizations of this nature are priority items for Liberals. A reorganizational operation must be conducted as the principal means, and even probably as the exclusive means of correcting our social security system's deficit situation."

The letter commented as follows on the budget: "There are some who could be greatly tempted to provide for new sources of revenue and especially new direct or indirect taxes to make up the deficit.

"It appears self-evident to us that direct taxes cannot be increased in 1981, but that, on the contrary, the effort begun during fiscal year 1980 by budgetary legislation to reduce this taxation must be continued on the basis of recently adopted laws and regulations."

On the defense issue, the letter said that Belgium must fulfill its NATO commitments. "This means that while being subjected to the economy measures and reorganizations being rightfully imposed on all departments, the national defense budget must permit maintaining a defense force that is operationally ready and consistent with our commitments. Furthermore, Belgium must manage as soon as possible to settle the question of deploying TNF (Theater Nuclear Forces) without giving the impression of violating Western solidarity and while also continuing its efforts at detente."

8041
CSO: 3100

DESMARETS PROPOSES 1981-1985 REGIONAL PLAN

Brussels LE SOIR in French 8 Aug 80 p 2

[Article by C.F.: "A Revised, Workable and Constraining 'Plan' By Which Belgium Can Effectively Counter the Economic Crisis"]

[Text] Firms are closing down, entire industrial sectors are in a slump, and the governmental budget is plagued by mounting deficits. The choice of political priorities and everyday adherence thereto can be achieved solely through a sound 5-year plan, a workable and coherent plan closely tied to each annual budget so that it is not a mere rhetorical exercise far removed from the realities of the situation.

Such is the view expressed by Jose Desmatets, minister of planning and scientific policy, in his introduction to a 74-page "pink book" entitled "Key Points of Regional Plan for 1981-1985." The ministerial general policy committee has deferred consideration of this document until September, prior to its submission to the "social partners" [representatives of labor, business, and industry] and its incorporation in the proposed 1981 budget's rationale. And inasmuch as this plan calls for some painful measures--such as a reduction in wage increases--it is liable, at that time, to make a stir and cause some uneasiness in political circles.

Desmarets explained that "in this period of economic breakdown in which attempts are being made everywhere to shore up weakening economic structures, it is absolutely necessary to have a medium-term plan which imposes a certain coherence and commands adherence to essential objectives." In the minister's opinion, it is actually futile, for example, to pursue a restrictive monetary policy without taking action at the same time on such matters as investments and employment. And only a plan that is binding on the government and takes into account the relationships between all economic variables can actuate a comprehensive policy.

The 1981-1985 plan is a follow-on to two 5-year documents, one of which was approved by parliament after a delay of 2 years, while the other never went through that process. All things considered, these were voluminous and skillful documents, but totally ineffective. Another approach was

for the coming 5 years. In Desmaret's words, "the plan has been trimmed of all its regional parts, the latter now being assigned to the regions. In addition, it no longer attempts to detail the options to be taken, but limits itself to key points that are basic, constraining, and indissolubly interconnected: monetary policy, stable balance of payments, public finance, industrial redeployment, reduction of production costs, social security, etc."

The plan's most troublesome and dramatic key point has to do with the reduction of production costs. Desmarets advocates first limiting increases in wage costs to indexed wages augmented by the rise in the GNP (estimated at 1 percent per year). This margin should include the effects of the reduction in hours of work, and all benefits granted workers. "At a time when we expect an additional 50,000 unemployed persons between now and next spring, it is normal," said the minister, "for workers to accept stagnation of their purchasing power, out of solidarity with the jobless."

There is no doubt that this policy will cause much gnashing of teeth within socialist ranks. "But," Desmarets response is, "that this blow to the left is offset by a blow to the right: contrary to the wishes of the Liberals, the plan calls for maintaining the indexing of wages."

Desmarets attaches a great deal of importance to another of the plan's key points relative to industrial research in advance technology sectors: energy conservation and development of alternate sources of energy, economical use of raw materials, biotechnologies, etc. He believes that government purchasing and contracting can, to a definite extent, stimulate development of certain smaller industrial sectors and give impetus to the manufacture in Belgium of products that are imported at the present time. "The plan does give preferential attention to expanding our export trade, but it is also essential that, by reducing costs, Belgium products regain their competitive edge over imported goods on the Belgium market."

The CMCES [Ministerial Committee for Economic and Social Coordination] was initially scheduled to examine Desmaret's "small pink book" at its meeting this Thursday. However, a recent decision of the ministerial general policy committee changed the review procedure. Contrary to what was formerly done, the plan will first be reviewed in September by a ministerial committee prior to consultation with the social partners as part of the negotiations on social security. After that, the plan's key points will be incorporated into the proposed budget's rationale, thereby making the budget the annual section of the plan.

Desmarets emphasized that the minister of planning is a member of all ministerial committees and is concerned with all socioeconomic decisions. Hence he can check whether all decisions [illegible] to the plan's guidelines. There is some question, however, about what will happen to the "pink book's" 74 pages when the present government, because of a crisis or through natural political erosion, yields its place to another majority influenced by other priorities.

8041
CSO: 3100

ECONOMIC AFFAIRS MINISTER TRIES TO DEAL WITH TEXTILE INDUSTRY PROBLEMS

Brussels KNACK in Dutch 30 Jul 80 pp 16-18

[Article by Rosanne Germonprez: "When There Is Money, Everybody Wants To Save the Textile Sector"; passages enclosed in slantlines printed in italics]

[Text] Minister of Economic Affairs Willy Claes' textile plan contains something to satisfy everyone. A great deal of money is being set aside to improve the competitiveness of enterprises, an amount of money -- albeit smaller -- is being set aside for the victims of rationalization, and the state is carefully getting a foot in the door through a national textile policy. Consequently, all the parties are busy taking positions in the hope of still being able to shift the emphasis on certain points.

How sick is our textile sector? That is hard to say. Belgium stands at the top of the world list for the export of floor covering and rugs, ahead of the United States and the Federal Republic of Germany. The West German textile manufacturers have already given international highway E3, which runs through our country, the name of /rug road/. According to 1976 figures, Belgium is still the third most important exporter of textile products in general and the seventh country on the list of clothing exporters. However, figures are relative. A /Report about the International Division of Labor in the Textile and Clothing Industry by the Vandeputte Committee/ shows that this high score is primarily due to the intensive trade /within/ the European Community, and that our share of the world market on the other hand is visibly falling off. The EC has lost influence in all areas, except in the Eastern Bloc. In 1963, the Belgian balance of trade of ready-to-wear articles still showed a surplus of $36 million, but in 1976 it already showed a deficit of $253 million.

Of course, the advent of a few Third World countries -- to which primarily European, Japanese and American multinationals not infrequently transferred part of their production -- is not unconnected to this. Over a period of 13 years, /South Korea/ climbed from 27th to 7th place in the export of textiles and clothing, and /Hong Kong/ from 10th to 4th place. Hong Kong

alone is responsible for more than half the deficit incurred by the EC with respect to "developing countries" in terms of clothing and textiles.

Apart from the advent of these modern Third World countries, /Japan/ and the /United States/ have also seriously affected our textile pattern. It may well be that the EC is not without fault in this either, because the Community has always been much more liberal toward intruders on the local market than the United States and Japan themselves. It was only in 1973, with the /multi-fiber agreement/, that some change occurred, but by then a great deal of harm had already been done. Today, the EC still has a small list of only eight products, which are listed as "very sensitive" and are thus subject to a global import quota. On the other hand, America uses ceilings and global quotas for /all/ imports. Moreover, the United States has the administrative advantage that imports must only be checked once at the border, while nine national customs are still active within the EC, any one of which may well want to seem more lenient than the others and thus, the circumvention of import ceilings does not seem to be impossible.

In any case, in the sixties the United States had already established a whole set of protective measures, with the result that our rug industry, among others, quickly had to start looking for other markets in order not to collapse. Moreover, an international redistribution of markets took place, which primarily benefited Japan and the United States. A few examples. As was mentioned earlier, EC exports declined over the whole line, with the exception of the East Bloc. Japan snatched our positions in the Middle East and in Asia. Our sales to Japan itself declined by two-thirds and were replaced by Asian countries around Japan. Over a period of a decade, the United States has also re-oriented its textile policy to the disadvantage of Europe. Not only did America slightly increase its influence in the EC textile industry and slightly decrease our exports to the United States, we were also sharply pushed back on the Canadian market by the United States; and the same applies to the Latin American markets.

The most important argument to continue with this liberal trade policy is related to the international division of labor, for which several economists were pleading very convincingly prior to the crisis. During the sixties, the Dutch Professor Tinbergen was an outspoken proponent of transferring all obsolete and labor intensive sectors to developing countries, and even EC Commissioner Mansholt defended this view for a while in the case of agriculture and textiles. The industrialized world was to occupy itself with production of a more processed nature, the Third World with matters which required little know how and especially involved low wages. At that time, the world -- or, at least, the EC -- still lived in a state of economic euphoria and proved that it believed in it through the lack of any textile policy. In the meantime, the industrialized world has already noticed that, even if modern industries are established, this does not solve the unemployment problem. Yet, to go back is no longer possible because meanwhile the Third World countries have also started dictating their terms. Great Britain, which had a machinery order in India, saw this order go up

in trade following its decision to implement more stringent measures, among others toward Indian textile imports. And this exchange relationship applies constantly. As primary supplier of machinery to Africa and the Middle East, the EC has rewarded many of these countries with preferential rates for their textile imports. And yet, the EC as well as the United States is losing ground in the developing countries, to... once again Japan, whose machinery exports to the Third World have doubled, from 10 to 20 percent, between 1963 and 1976.

Authorities

This is the international context of our oldest branch of industry, about which, for economic and political reasons, the Belgian authorities may well be willing or able to change very little. Minister Claes scarcely paid any attention to it in his textile plan. At the European level, /minimum measures/ are being made, such as an extension of the multi-fiber agreement, in order, in any case, to be able to resist any further liberalization. Because it appears that the European partners do not even agree among themselves at this level. A proposal from the EC Commission, to incorporate a social clause -- such as the prohibition of child labor -- in the bilateral trade agreements concerning textiles and clothing, was rejected by the European Council of Ministers. A proposal to couple the growth rate of our imports to the growth rate of domestic consumption, seemed completely unattainable. The Federal Republic of Germany especially is inclined to be contrary. In this regard, our neighbors from the East are undoubtedly thinking about their machinery exports to these Third World countries, for which they carry the first prize within the EC. Moreover, it seems that the German textile industry, in contrast to the Belgian industry, did not suffer due to European unification, on the contrary. The elimination of national frontiers and customs rates was especially beneficial for France and the FRG. These countries suddenly experienced a substantial upsurge in their sales on the EC markets; and the Benelux markets especially, where up to now the Belgian and Dutch ready-to-wear companies had occupied the largest share of the market, were now quickly filled by French and German producers. The FRG's share in Belgian imports rose from 11 to 19 percent, the French share from 19 to 30 percent. Belgium also managed to conquer a larger share of the French market, while its position on the German market remained the same; and yet, not only was a large part of our own domestic market lost, the same also occurred with regard to our exports to the Netherlands and Luxemburg.

Consequently, competition within the EC, making headway against French and German competition, is a primary assignment for the national textile and ready-to-wear industry. Three study centers, /McKinsey/, already known because of the steel plan, /SOBEMAP/ [expansion unknown] and /Beckaert-Stanwick/ have prepared an extensive report for the government. It shows that we fall short in the marketing of our textile industry, and that we are not capable of responding quickly enough to the demand for fashionable quality products due to defective market research, slow data assimilation and slow distribution. Minister of Economic Affairs Willy Claes reduced

this to a /textile plan/ for the government, which should shortly receive the approval of his colleagues. "As a rule, it may be assumed that only 63 percent of the Belgian textile and ready-to-wear industry is defensible in the medium term. In the short term, even 20 percent is extremely vulnerable. If the policy is not changed within a few years another 30 percent or more of today's jobs will be lost," predicts the plan. In order to keep down the loss of jobs over the next 5 years to "only" 15,000 (out of a total labor force of 120,000 in the textile and clothing industry), the Ministry of Economic Affairs anticipates three large scale interventions. The government is willing to contract large interest loans abroad to improve the /trade position/ of our enterprises (public expense over a 5 year period: 15.5 billion), to stimulate /improvements in productivity/ (government expense: 12.3 billion), and to purge the /financial structure/ of the enterprises through capital increase (government expense: 4.4 billion). These are considerable sums, which are definitely tempting to the ears of the textile employers. Opponents in principle of interventions, such as the /Flemish Economic Association/ or State Secretary Pol Akkermans (ACV [Confederation of Christian Trade Unions]), who are afraid of the adulteration of competition or of "the filling of a bottomless pit," can theoretically be reassured by the /selectivity/ of the interventions. Indeed, the textile plan is based on the philosophy of the strongest and is planned around the slogan /"Back the Winner"/ -- in practical terms then, support exclusively those companies with the highest chance of survival. Each government intervention is paid out on a selective basis and must be accompanied by a financial effort on the part of the company itself, ranging from one-third in the case of productivity interventions, to half of any trade improvement. Only those enterprises which are able to produce an effort themselves, will be able to take advantage of the government interventions. The intention is to stimulate primarily those enterprises which are already part of flourishing sectors and to re-orient those others which have the capability for it.

Moving Power

Consequently, it does not look as if Willy Claes is likely to encounter a great deal of resistance to this part of his plan. However, there was some shuddering in employers' circles about the quid pro quo the government expects for its intervention. Even though the plan specifically states that " the government financial intervention will not involve any interference in the management of the enterprises," and that the government only wants to dispose of a /right of oversight/ in order to check whether the money is being used in the agreed upon manner, opposition developed to the establishment of two national organizations provided for in the plan. A /Belgian Institute for Textiles and Ready-to-Wear/ (ITECO) and a /National Company for the Restructuring of the Textile Industry/ (NMTC) would respectively supervise the overall implementation of the plan and the application of the financial measures. ITECO -- consisting of one-third government representatives, one-third employers' representatives and one-third representatives of worker's organizations -- would oversee the implementation of the plan and would be able to hire experts to be put at the

disposal of the enterprises for fashion and design plans, to carry out market studies, to provide trade information, and to conduct research and promotion. However, this proportionately composed ITECO council would only have an /oversight/ function over a managing committee composed exclusively of experts, nominated by the Ministry of Economic Affairs. The NMTC, on the other hand, would be responsible for all /financial/ participation in the enterprises and would be run by a managing committee composed exclusively of individuals chosen "on the basis of their financial competency or their familiarity with the sector." A council, composed of one-half members of the National Investment Company (NIM, which finances 50 percent of this limited company) and one-half members of ITECO, would in turn supervise activities. Supporters of free initiative have already taken a firm stand against the alleged government hold-up which threatens the textile sector. Spokesmen for the employers federation /FEBELTEX/ [Belgian Textile Federation], who would like some money but no looking over the shoulder, have expressed their distrust with regard to these new institutions and referred to the existing organizations which currently concern themselves with several of the areas to be incorporated in ITECO, such as the study of our imports and exports, the testing of markets, and the like. It is not excluded that FEBELTEX was first of all thinking of its own study departments for which an additional subsidy would always be welcome. The /Flemish regional government/ borrowed this objection of the "heavy structures" included in the textile plan, and put a question mark behind this subject in its report to the government. However, the textile union of the ABVV [Belgian General Federation of Labor] noted that /support without oversight/ is not possible and, moreover, that ITECO will have to meet the need for a centralized and coordinated policy at the Belgian level. The study departments of FEBELTEX usually work for only one or two enterprises, while our textile and ready-to-wear industry is spread over hundreds of small companies, which employ even less than 50 people. It must also be possible to support these more efficiently. According to this union, the economic and cyclic crises, which affect the textile industry even more than other sectors, justify the establishment of a body which would specifically concentrate on this sector and would even make a sub-sectorial approach possible.

The dispute about the government's right to "look in" threatens to be fought out with different slogans during the next few weeks, and to be translated in Flemish-Walloon conflicts. Last week, the Flemish regional government already insisted on taking a look at the part of the funds which are to go to the Flemish and the Walloon textile industries. This fear was motivated by publications from the /National Bank/, which showed that the Walloon textile companies are more prone to losses than the Flemish. Of the 100 largest textile companies in Belgium, 80 are located in the Flanders and 28 among them operate at a loss, while 20 are in Wallonia, 9 of which operate at a loss. The total loss involved in this random test amounts to nearly 1.3 billion, of which 921 million for the Walloon and 351 million for the Flemish textile companies.

Table: Government Costs of Textile Plan

1. Improvement of trade aspect of enterprises	15.510 billion francs
2. Improvement of productivity	12.304 billion francs
3. Improvement of financial structure	4.405 billion francs
4. Personnel costs ITECO and NMTC	0.6 billion francs
5. Absorption of social costs	1.650 billion francs
Total	34.469 billion francs.

Thus, it would seem that the reservation of the Flemish regional government with regard to the assignment of credits in the textile plan is rather premature, considering how strongly the plan wishes to limit its state intervention to flourishing businesses, the great majority of which are, as a matter of fact, located in the Flanders. Consequently, there may be reason to suspect that in the next few weeks, certain parties might well be sensitive about a /communitarization/ of the textile file, as a tactic to circumvent the planned government interferences. After all, Wallonia -- with its marginal and mostly old wool sector -- could be left in the hands of the collectivists from the PS [Belgian Socialist Party] or the FGTB [General Federation of Labor of Belgium]. In the Flanders, FEBELTEX -- which not only maintains cordial relations with the Christian democrats and the liberals, but which can also count on a great deal of understanding on the part of the Christian union -- would then be the winner.

8463
CSO: 3105

DIFFERENCES IN REGIONAL ECONOMIES, PROBLEMS DETAILED

Brussels LA LIBRE BELGIQUE in French 2-3 Aug 80 p 1

[Article by Jacques Zeegers: "What Regions, What Savings?"]

[Text] Belgium is a country perpetually in the process of regionalization. When parliament approves the governmental proposals, in principle early in August, another phase will have been completed in this difficult process. It would be rash to expect that the reform of the state, so dear to our prime minister, will then be accomplished once and for all and that peace and calm will thereby be restored. Yet the fact is that the country's two principal regions will be given political powers with some jurisdiction in economic matters. This authority will be limited by law, with the central government retaining a certain number of powers. There will also be a de facto limitation of this authority because two politically distinct regions do not necessarily constitute two separate economies.

To be convinced of this, one need only look at the flow of trade inside Belgium. That flow is in a north-south direction more than east-west. The ports of Antwerp and Zeebruge, plus their industrial zones, "irrigate" the entire country.

The Province of Limburg trades more with the Province of Liege than with the Province of West Flanders, and the Tournai area is linked more to the latter than to the Province of Liege. The magnitude of our foreign trade--our exports account for half of our gross national product--may cause us to question the very existence of a Belgian economy. In that case, what should we think of the presence of two or even three regional economies in Belgium?

It is true, however, that by considering a few criteria, the three regions do have different specific characters. The annual report of the Ministry of Economic Affairs contains some interesting data* on this subject, even though some of the statistics are not very recent. Generally speaking, there is no question that Flanders is economically healthier than Wallonia.

* "The Belgian Economy in 1979," Ministry of Economic Affairs, 1980, 488 pages.

In 1977, the gross regional product was 1,426 trillion francs for Flanders, 758 billion francs for Wallonia, and 417 billion francs for Brussels. On a per capita basis, this represents 256,198 francs, 217,711 francs, and 397,088 francs respectively. Residents of Brussels are, therefore, apparently the wealthiest. But their share of the GNP has been steadily declining. It dropped from 16.04 percent in 1973 to 15.59 percent in 1977. Flanders's share of the GNP rose from 55.39 percent to 56.02 percent, while Wallonia's share scarcely declined, dropping from 28.55 percent to 28.37 percent.

Statistics of industrial activity are clearly in Flander's favor. Compared with the 1970 figures, its industrial activity index was 127.6 versus 101.1 for Wallonia and 88.9 for Brussels. All statistics are not necessarily negative for Wallonia. It received 38.6 percent of all investments in new industrial plants in 1977, and 34 percent of all foreign investments in Belgium during the period 1975-1979. Furthermore, Wallonia's share of investments obtained under the terms of economic expansion legislation is 49 percent whereas its share of the GNP is slightly below 30 percent.

This does not mean that Wallonia's economy is recovering. While its investments are relatively higher, so also are the number of firms that have gone bankrupt or closed down. In fact, 35 percent of the workers affected by plant closings in 1978 were in Wallonia, compared with 45 percent in Flanders and 19 percent in Brussels. Some 30 percent of all bankruptcies occurred in the southern part of the country, compared with 39 percent in the north and 30 percent in the center.

The percentage of bankruptcies in Brussels is obviously artificial, inasmuch as many companies have their main offices in the capital without having all of their operations in that city.

Unemployment statistics are equally interesting in more than one respect. Underemployment is much more prevalent in the south than in the north. Last year's rate of unemployment for persons registered with the ONSS [National Office of Social Security] was 11.6 percent in Wallonia for men and 32.6 percent for women. In Flanders, the rate was 8.3 percent for men and 24.9 percent for women. In Brussels, it was 12.2 percent for men and 17.73 percent for women. The unemployment figures are disturbing in all three regions of the country. The number of unemployed women increased much more rapidly in Flanders (+111 percent since 1975) than in Wallonia (+81 percent). On the other hand, unemployment among men rose 31 percent in Wallonia and only 21 percent in Flanders, figures that are more representative of actual developments in the economies of the north and south.

Although, generally speaking, Flanders is economically healthier than Wallonia, it would be a mistake to conclude therefrom that the economic crisis is sparing the northern part of the country while plaguing solely the southern part. The jobless rate in Flanders, for example, will soon approximate the rate in Wallonia.

From the standpoint of economic policy, the difference in the specific character of the two regions warrants specific measures, but that difference takes nothing away from the interdependence of the two regions.

It is logical to assume, in fact, that economic currents between the two regions are such that one region cannot save itself without the other, and that if one region founders in the depression, becoming an "economic wasteland," the other will not emerge unscathed. There is no doubt whatever that a scientific study of the economic ties between our two regions would be helpful. The lively interest in regionalization prompted economists to study the characteristics peculiar to each region more than the ways the regions complement one another. This complementarity is nonetheless real.

The fact that problems are different in the two regions does not mean they can pull through separately. In all probability, the solution will be found more in strengthening regional interdependence and community of interests than in having each region retire into its own shell.

BRIEFS

YOUNG FLEMISH SOCIAL CHRISTIANS--In a statement released to the press, Eric Van Rompuy, chairman of the Young CVP [Social Christian Party-Flemish wing], contends that CVP ministers are not sufficiently influencing government policy and are making too many concessions to the Socialists. The following are three of the critical comments made by the fiery chairman of the CVP Jongeren. The CVP platform called for no increase in the regular tax and special tax burdens. Yet the government is planning to increase its social security contributed by 13.4 billion francs. Van Rompuy believes the social security deficit should be corrected instead by greater economy and recalls that the CVP had proposed as a possible economy measure that social insurance allowances and benefits be based on a family's income. In another connection, Van Rompuy contends that the Martens government is continuing the tradition of following a policy of excessive budgetary reconciliation. For example, contrary to what the government claims, the budget deficit will not be 82 billion francs but actually 112 billion francs as recent National Bank estimates indicate. Lastly, the chairman of the Young Flemish Social Christians calls for a freeze on personal income so as to promote employment, reduce domestic consumption, and improve our balance of payments. [Text] [Brussels LE SOIR in French 8 Aug 80 p 2] 8041

CSO: 3100

CYPRUS SITUATION REVIEWED SIX YEARS AFTER INVASION

Istanbul MILLI GAZETE in Turkish 20 Jul 80 p 2

[Article by Prof Fahir Armaoglu]

[Text] Cyprus 6 years after the intervention made by Turkey acting on its powers under international agreements no doubt is not satisfactory for those who desire a final solution of the Cyprus problem. But this analysis may be right for those who look at the problem from one particular angle. The truth is that everyone closely or remotely concerned with Cyprus has a different approach to final solution. It is because of these differences that there is some dissatisfaction with the present situation. And the way to eliminate these differences is to accept the facts which the last 6 years have brought about and to accept these facts as a point of departure for arriving at a final solution.

What Are These Facts?

Developments on the island since 1954, that is, over the past quarter-century, have shown that the two communities on the island have become alienated from each other. To force them to live intermingled with each other in an integrated fashion under a "unified" state system would be to attempt to make the rivers flow backward.

Let me just say that the Greek Cypriot side had a mentality of oppression which tore the two communities apart. The fact that a serious change still has not occurred in this mentality is the expression of a complete dichotomy on the Greek Cypriot side. You should make claims of political and social integrity on the one hand and try to establish dominion of the majority over the minority; there is no serious logic in it. It is necessary that those who sincerely desire a final solution on Cyprus first put an end to the obstacle inherent in this dichotomy.

The greatest advantage of Turkey's intervention in Cyprus in 1974 is that the 20 years of division was made into a fact of the problem as well as that geographical boundaries were drawn to this division. If there had been an attempt to draw geographical boundaries around this division, or separation from each other of the two communities, prior to 1974, it would have taken years and years, as seen in similar cases in recent and ancient history.

Of course, the door to negotiation to redefine the geographical boundaries between the two communities on the island today is certainly open. But to think about eliminating this border entirely as the Greek Cypriot side is trying to do would just be an exercise in futility and an attempt to reverse a situation which is a fact of this time and the present circumstances. There is no government in Turkey that would accept such an attempt and there could not be. This must be a known fact.

A third fact emerges when departing from these two points. And this is the need to acquire and install the political means to regulate the shared life within an independent and nonaligned state system of two communities separated by geographical boundaries. Doubtless the vital point here is the principle of precluding the domination of one community by the other. A quarter-century of experience has shown the vital importance of this principle. If this principle is established, other matters are just details.

No Withdrawal of Turkish Troops from Cyprus

Moreover, everyone whether concerned with Cyprus or not must know that it is merely a dream to expect full withdrawal of Turkish troops from the island unless a final solution is achieved which contains all of the facts we have pointed out in the full sense. These resolutions from the United Nations General Assembly which order the withdrawal of Turkish troops from the island, inasmuch as they are partial, will be condemned to paper forever. The presence of Turkish troops on the island is both a guarantee of the fact of two separate communities and an inalienable part of this fact. For this reason, the United Nations which is a guarantor of world peace should not jeopardize its prestige unnecessarily by passing resolutions with no real value.

Finally, I would like to point out that the final solution of the Cyprus problem is neither up to the United Nations nor any other international conference. This solution, if solution is sincerely desired, lies in the Ankara-Athens-Nicosia triangle. Especially Greece and the Greek Cypriots must accept this, because they should not forget that in delaying the final solution, time is not working against Turkey and the Turkish community. Greece itself offers the best example of the time factor in the Crete problem.

8349
CSO: 4907

DENKTAS CALLS FOR DESERVED RIGHTS

Nicosia BOZKURT in Turkish 21 Jul 80 pp 1, 4

[Text] Nicosia -- Ceremonies were held to celebrate the 20 July Peace and Liberty Day. President Denktas spoke at the ceremony, held at the Ataturk Memorial in Nicosia yesterday morning, and said that Turkish Cypriots did not want and had not taken more than was their right in Cyprus, pointing out that equality of rights and status which make life worth living and their status as co-founder would never be negotiable and finally that Turkey would never abandon the guarantee of the motherland.

Thanks for Erim's Services

Denktas spoke of the sorrow he felt that in celebrating this happy day we could not be joined in this holiday today, even from a distance, by Nihat Erim, a native son of our people who had always given his pen, his mind and his all in service to Cyprus. He said that it was his duty to offer thanks for the services Erim had rendered both to Cyprus and to the Turkish nation.

We Are Ready for Talks

Speaking of the intercommunal discussions, President Denktas said that the Turkish side was laying down no preconditions for starting the talks and that he gave notice that he was ready for discussions in order that the solution might be reached for the foundation of a federal, independent and nonalined Republic, based as agreed on two regions and two peoples.

No More Than Our Due

Noting that Turkish and Greek guarantees were unavoidable and necessary in order that this Republic might exist in perpetuity and that, despite these things having been agreed upon, propaganda to sway an unknowing world was continuing, Denktas said that the Turkish Cypriots had not wanted and had not taken more than was due them in Cyprus, that equality in the rights and status which made life worth living and status as co-founders would never be negotiable and finally that Turkey would never abandon the guarantee of the motherland.

Byzantine Cunning on Losses

President Denktas said that complaints over losses had again begun on the other side and asserted that the side which should be asking questions about losses was the Turkish side.

"Our losses are the people who were lost not during armed fighting in 1963, but were taken from the streets and from their homes by Greek Cypriots calling themselves police and security forces," Denktas said, adding that using several hundred Greek Cypriots who died in war as a pretext and asking the Turkish side about the thousands of Greek Cypriots that Nikos Sampson killed in his violent internal coup, although having a cunning worthy of Byzantium, would not help in the solution of the reparations problem.

New Pages Opened in History Cannot Be Closed

Invoking the nation, the soil and the flag, Denktas said that the Turkish Cypriot had a bright future as long as he remained closely tied to the motherland. "On 20 July 1974, the Turkish Cypriot essentially closed the pages of history on the last 400 years on this Turkish island and opened them to the next 400 years; no one will be able to close the book on this page," he said.

Our Desire

In conclusion, Denktas called for peace as soon as possible in the Turkish Nation and for the end as soon as possible of the fight which has become an internecine fight.

Basol's Speech

Guest speaker at yesterday's 20 July Peace and Liberty Day celebrations was [Turkish] Minister of Commerce Halil Basol, who said that Turkish Cypriots would never return to the inhumane conditions prior to 1974.

Difficulties Will Be Faced Together

Noting that what now confronts us is a fierce economic war and that success would be achieved despite the various obstacles through the same determination and perseverance in the struggle for economic development that Turkish Cypriots had shown in the struggle for freedom, Halil Basol said, "We will face together as always the difficulties encountered in the struggle for economic development and offer every aid and support necessary to the fledgling nation."

Undeniable Fact

Halil Basol said that the Turkish Cypriots were able to proclaim their existence in a louder voice every day and were seeing more interest and support, especially from the Islamic world. The existence of two national communities at an equal level and having the same rights was a fact which could no longer be denied, he said.

Necessary Powers Will Be Provided

Stating that the concept of an independent, nonalined federation with two regions and two communities was based on this fact, Halil Basol asserted that the Turkish Cypriot community would acquire the powers necessary in order that it might have the right to achieve a level where it could be self-sufficient and obtain success despite all obstacles in the struggle for economic development.

Principal Task

Halil Basol said that the principal task was to guarantee the future of development within freedom and the democratic system which had begun to function in the Turkish Federated State of Cyprus [TFSC], to ensure the survival of this order which had been established by such suffering and self-sacrifice and to ensure the necessary support and coordination.

Ceremony at Ataturk Memorial

The ceremony held in Nocisia yesterday morning on the occasion of 20 July Peace and Liberty Day began with laying wreaths at the monument. After the processional and moment of silence, the "Anit Ozel" [monument guest book] was signed by President Denktas, Minister of Commerce Halil Basol of the Republic of Turkey, Turkey's Nicosia Ambassador Inal Batu and Turkish Cypriot Peace Forces Commander Lt Gen Kemal Yamak. The flag was raised to the accompaniment of the "Independence March" following inspection of the honor guard and the expression of holiday congratulations.

Messages

President Rauf Denktas presented to Ambassador Inal Batu and Turkish Cypriot Peace Forces Commander Lt Gen Kemal Yamak his "Devotion to the Motherland Message" and message of "Thanks to the Turkish Armed Forces" addressed to acting President Ihsan Sabri Caglayangil and Chief of Staff General Kenan Evren. Following their replies and speeches by President Denktas, Turkish Trade Minister Halil Basol and an officer of the Turkish Cypriot Peace Forces, a parade in front of the Ataturk Memorial officially concluded the ceremonies.

Torchlight Procession

Ceremonies were resumed last evening with a torchlight procession, folklore exhibitions and a broadcast on Bayrak Radio by the Turkish Cypriot Historical Society.

Participants

Participants in the ceremonies were TFSC President Rauf Denktas, Turkish Republic Minister of Commerce Halil Basol, Turkish Republic Nicosia Ambassador Inal Batu, Turkish Cypriot Peace Forces Commander Lt Gen Kemal Yanak, Assembly Speaker Oguz Korhan, Prime Minister Mustafa Cagatay, Turkish Cypriot Security Forces Commander Brig Gen Atilla Erdogan, political party leaders, ministers and military and civilian dignitaries.

In Other Cities

20 July Peace and Liberty Day was celebrated with similar ceremonies in other TFSC towns and cities also.

8349
CSO: 4907

FREEZE ON WAGES, PRICES URGED

Nicosia THE CYPRUS WEEKLY in English 1-7 Aug 80 p 8

[Text]

A "temporary wage and price freeze" is being proposed by a Cyprus bank as one of the measures that the government could take in the fight against inflation.

The latest issue of Newsletter, published by the Popular Bank, says: "In view of the present inflationary situation, we propose that a temporary wage and price freeze would contribute positively towards taking some heat off the economy."

It also suggests changes to the "very thorny issue" of wage indexation. It says the abolition of indexation should be seriously examined.

Cola

It then goes on to make the following recommendations:

1) The cost-of-living allowance (Cola) should be revised annually instead of every six months. Since wage indexation is considered as inflationary, a less frequent revision of it would be less inflationary.

2) The philosophy of granting cost-of-living allowance should be reconsidered. It is advisable that the price of petrol should be excluded from the retail price index for Cola purposes. The same principle should apply for other items, such as whisky and private cars, on which expenditure should not be encouraged, in an indirect way, by allowing their prices to influence the level of Cola.

Savings

3) Measures should be taken aimed at boosting the rate of savings. An increase in deposit rates and the minimum amount of interest exempted from taxation would be steps in the right direction.

4) Taxing capital gains to discourage speculative activities, especially speculation on land.

The Popular Bank study of the situation advises against wage and price controls. "Rather than be introducing detailed procedures for supervising and controlling price developments, the goal of price stability would probably be better promoted by encouraging and strengthening free competition

than by undermining it", it says, pointing to the failure of countries such as the UK, Belgium and France to harness inflation through such controls.

On the contrary, in countries like West Germany, Switzerland and the Netherlands, where controls are less strict or non-existent the results are "more encouraging".

The Bank further recommends that the government, employers and employees should work out a mutually agreed prices and incomes policy "before it is really too late".

It advises against more taxes or restrictions on money supply to relieve inflationary pressures. The social costs, in terms of unemployment and lost production, would be "great".

The report says inflation is an undesirable economic phenomenon with widespread adverse effects. It erodes the purchasing power of incomes and pushes up production costs.

In the case of Cyprus, the contributory factors have been both external and internal. There have been the recent oil price increases but there were also domestic cases "such as high wage settlements which were significantly higher than the rise in productivity, and the unduly high profits and other incomes pursued by some classes of producers".

Inflation

Inflation in Cyprus last year averaged 9.5%. The Bank report says on the basis of trends exhibited in the first five months of this year, it is provisionally forecast that inflation in 1980 will exceed 13%.

In conclusion, the Bank says that inflation can be fought more effectively through the concerted action of the entire population.

But it remarks that though the "economic armoury against inflation is rich", and governments have been using a variety of methods, the conclusion to be drawn from an objective assessment of these policies is rather depressing. "The battle against such a complex problem has not been very successful."

CSO: 4920

TRADE DEFICIT STATISTICS

Nicosia CYPRUS MAIL in English 13 Aug 80 p 1

/Text/ The trade deficit at the end of the first five months of this year rose to £110.6 million compared with £66.5 million in the same period last year.

Total imports till the end of May this year reached £187.1 million (£133.6 m. end May 1979) and total exports amounted to £76.5 million (£67.1 m. end May 1979).

However, the trade gap in May itself was only £3 million heavier than that of May 1978.

Total imports for May this year amounted to £41.3 million which was £5 million higher than the figure of £36.6 m of May 1979.

But with exports for May this year at £22 million, which is £2.3 million better than the same month last year (£19.8 m.), the rise in the deficit was kept down to roughly £3 million.

Main items of imports for May were food and live animals £4.9 million, mineral fuels and lubricants £5.7 million, chemicals £2.8 million, manufactured goods £10.9 million, machinery and transport equipment £11.1 million and miscellaneous manufactured articles £3.5 million.

On the export side, main items were food and live animals £8 million, beverages and tobacco £1.9 million, manufactured goods £2.5 million, miscellaneous manufactured articles (including clothing) £4 million.

CSO: 4920

STATE OF TFSC ECONOMY EVALUATED

Comments by Cagatay, Sezgin

Nicosia BOZKURT in Turkish 16 Jul 80 pp 1, 4

[Text] Nicosia -- Official talks between TFSC [Turkish Federated State of Cyprus] and Turkish delegations began in Nocisia yesterday. In his opening statement, Prime Minister Mustafa Cagatay said that the Turkish Cypriot Federated State of Cyprus, founded in 1975, had succeeded in getting where it is today through the help of the Turkish motherland and the efforts of the Turkish community. Explaining that it was impossible to achieve the level desired in a period of only 5 years, Prime Minister Cagatay said that the Turkish community had the desire and was trying with all its might to do this anyway.

Drain on Motherland

Prime Minister Mustafa Cagatay noted that Turkish currency is being used in the TFSC and that this causes a great drain on Turkey. He stated that the difficulties which the Turkish lira is suffering at home reflects here also and that this had a negative effect on the vitality of the TFSC and said:

We Could Only Have Done This Much

"Any society which cannot form its own state as it wishes or is unable to become an internationally accepted power could do no more than we have, especially considering the difficulties under the economic conditions which have been experienced and which experience was inevitable."

Pride and Self Respect

Turkish Finance Minister Ismet Sezgin also made a statement in which he said that the Turkish Cypriot community was a society which had experienced great difficulties and struggles and had put forth terrific effort to form the Turkish Federated State of Cyprus. Noting that the Turkish Cypriot community for many years had put up a fight for which they could be proud to achieve a happy ending, Ismet Sezgin said that the secondary efforts

involved in statecraft, giving up old habits and becoming a nation and a state, managing the economy and becoming self-sufficient and molding the Cypriot lands into a homeland with an administration to govern it instill at least as much pride and self-respect as the primary efforts.

Economic Freedom

Commenting on his belief that the administrators and the Turkish Cypriot community would continue their hard work in the transition to a new way of life, Sezgin said that "in addition to the development of their nation, development of their national economy, becoming self-sufficient and mastering their freedoms, they will succeed and prevail in their economic liberties also."

Tuck Up Sleeves

Turkish Finance Minister Ismet Sezgin said that Turkey would always show the necessary interest in the TFSC. He said that all financial and social matters would be taken up candidly at the meeting and it would be decided what should be done. He added, "We will study together what should be done in regard to your problems; we will roll up our shirtsleeves and pants legs and do what has to be done."

Participating in the discussions which began yesterday between the Turkish and TFSC delegations are Economy and Finance Minister Hakki Atun, Turkey's Nicosia Ambassador Inal Batu and various ministry officials. The discussions will deal with the TFSC's economic problems.

Comments by Basol

Nicosia HALKIN SESI in Turkish 23 Jul 80 p 1

[Text] Nicosia (TURKISH AGENCY CYPRUS) -- Turkish Trade Minister Halil Basol and the delegation accompanying him left the island by air yesterday at 1200 hours.

Basol came on 17 July for the fifth session of the TFSC-Turkish Joint Economic Commission and also participated in 20 July Peace and Liberty Day ceremonies.

Basol held a press conference at Ercan Airport prior to his departure in which he provided information on his contacts during his stay on the island and said that the TFSC had made important strides toward self-sufficiency in the time since its founding.

Expressing his gratitude for the interest shown him during his stay on the island, Basol said that he had had the opportunity to see many encouraging developments in his tours of various regions of the TFSC and that resources would be provided for the idle industrial facilities.

on the efforts of the joint economic commission, Basol asserted that Turkey will do everything it can to help the TFSC and said that the TFSC had done required to bring its economy to the point of self-sufficiency [as published].

In reply, TFSC Minister of Trade, Industry and Cooperatives Taskent Atasayan said that it had been seen during the joint economic commission's work that Turkey's aid to the TFSC was not in vain and expressed the desire that it continue.

Basol and his encourage were seen off at Ercan Airport by Prime Minister Mustafa Cagatay, Turkey's Nicosia Ambassador Inal Batu, Turkish Cypriot Peace Forces Commander Lt Gen Kemal Yamak, Trade Minister Atasayan, Finance Minister Hakki Atun and other officials.

6149
CSO: 4907

MEASURES TAKEN TO COMBAT SMUGGLING

Nicosia BOZKURT in Turkish 29 Jun 80 pp 1, 4

[Text] The Minister of Economy and Finance, Hakki Atun, has announced that the government has mobilized all of its forces to detect and prevent smuggling and is preparing "draft customs legislation suited to current conditions." In a speech sponsored by the prime minister's press office, Hakki Atun said that the government had increased the authority granted by current laws and customs regulations and raised the number of customs police officers from 12 to 60 and the number of objectives from 2 to 4. Atun explained that the measures relating to the police and parallel revisions in the customs schedules which are made from time to time plus the changes which have been introduced into our commercial system have placed the fight against smuggling in an entirely changed perspective. Atun had the following to say regarding the work being done:

"All smuggled goods seized by our customs police organization are sequestered by the state and those persons involved with smuggling are being punished. Rumors and news reports to the effect that government officials are covering up or failing to show proper diligence in regard to this matter are definitely false and tendentious. At the very least these reports and rumors do an injustice to those offices of ours which are directly concerned and which are engaged in a selfless and dedicated battle against smuggling. Claims that incidents have been covered up, that contraband seized has been returned to the lawbreakers and that pressure has been exerted from the Ministry of Economy and Finance to prevent convictions are untrue and shameful to the extreme. The fact that seized contraband goods are sequestered under the authority granted by the Customs Administrative Law to the Director of Customs depending upon the place and circumstances of the incident, and that offenders are in this way punished before the matter is sent to the courts can hardly be interpreted as a coverup."

Categorical Determination

Stating that the motives behind these efforts to distort the incidents in the eyes of the public were incomprehensible and by making the governmental authorities appear helpless could only result in encouraging would be smugglers, Atun affirmed that the government was categorically determined to put a stop to smuggling and spoke as follows:

"All kinds of measures have been taken in setting up the offices dealing with smuggling and are continuing to be taken. The offices concerned have been moved during the past year from the inefficient and antiquated building which they had been occupying to a newly constructed prefabricated building with the purpose of centralizing their duties and rendering them more effective. Once settled in this proper building, customs personnel, especially the Smuggling Section are undergoing a thorough reorganization at all levels. This reorganization will be completed shortly."

Smuggling Incidents Number 274

Drawing attention to the fact that the Smuggling Section had dealt with 274 smuggling incidents during the past 3 months, 67 in Lefkosa, and 207 in Mogosa, Atun announced that these figures alone demonstrated the attentiveness with which the government was treating the smuggling issue. Turning to the question of a local newspaper which had claimed that authorities had been covering up smuggling incidents Atun was quoted as follows:

"In this newspaper report, which claimed that authorities were covering up incidents, it was emphasized that a truckload of contraband had been sequestered and a fine of 120,000 TL levied. The claim that the goods in a second truck involved in this incident had been handed back is entirely false. The driver of the second truck, which was serving as an advance guard for the first truck and which was not carrying any goods, succeeded in escaping but was later identified and apprehended as a result of our operation and was assessed a 2,500 TL fine. In the meantime the contraband goods were all taken over by the state and the offenders were fined by the officials concerned acting under the authority of the current Customs Laws and regulations.

(353)
CSO: 4907

LARNACA HOSPITAL CONSTRUCTION BEGINS

Nicosia CYPRUS MAIL in English 9 Aug 80 p 1

/Text/ Construction work for the new Larnaca General Hospital will start next month and the £3.5 million project is expected to be completed in two and a half years. Another £1 million will be required for equipment bringing the total to £4.5 million.

The hospital will have a 225-bed capacity and will comprise seven storeys plus a basement.

The contract for the construction was signed yesterday by the Minister of Health Dr A. Mikellides and /Fysco Contracting Ltd/ who were awarded the £3,544,000 contract on the strength of tenders.

The hospital will be erected on a site belonging to the Ayios Georgios Kontos Monastery and the Kitium Bishopric, and the project costs are partly financed by donations from the U.N. High Commission for Refugees and the U.S. government.

Pioneer Unit

In planning the new hospital account has been taken of the new requirements of the town including the presence of the international airport.

The architectural study was made by Messrs Pefkios Georgiades, Alecos Gabrielides and H. Stylianides and the technical study by Mr Stavros Ioanides. Quantity Surveyor services are provided by Mr Yannis Vrahimis.

The Minister of Health in a brief address said that the new hospital will be a model and pioneer unit and would greatly contribute to the health services for the town and district. The new hospital will be named /Makarios III Hospital/ after the late President Archbishop Makarios.

Dr Mikellides added that with the other steps taken by the Ministry for health services, including the remodeling of Nicosia, Limassol and Paphos hospitals, the Ministry is pursuing a balanced improvement of services both in towns and in the countryside.

PARTIES ON EXTREME LEFT SUFFER DECLINE, INTERNAL FEUDS

Copenhagen BERLINGSKE TIDENDE in Danish 26 Jul 80 p 9

[Commentary by Monitor]

[Text] The Communist Workers Party (KAP) is on the verge of bankruptcy. On top of the poor election results on 23 October 1979 when the party won only 13,000 votes in its first election attempt, it is now experiencing economic difficulties. The party's newspaper will in the future only be sold three times a month at the stairs of Noerrebro Station. It is anticipated that there may be further reductions in the frequency of its being published at the same time as party officials can expect to be laid off and the general propaganda machinery be decreased.

VS [Leftist Socialist Party] has just gone through a process whereby decisions have been made as to which 20 people will be nominated at the next general election. In this highly controlled party with its superficially democratic pattern of behavior, this process has given cause to a showdown, the after effects of which will affect the different party cadres for a long time. Proben Wilhjelm has taken advantage of his popularity among voters to direct relentless attacks on named political colleagues in the parliament. In a sudden attack of sincerity, he publicly stated that there are strong forces within the party which are characterized by authoritarian disposition.

Denmark's Communist Party (DKP) has for years directed all its attention towards the Soviet Union to such an extent that it has completely forgotten to take care of the local arena. It requires close attention to become acquainted with the precise fluctuations in Soviet politics, and to repeat the correct formulations as they are received from Moscow requires concentration. The concentration has been so intense that the party lost its seats in the Folketing, was forced into a bloody showdown with the quarrelsome seamen, and also had to go through a troublesome conflict with the lithographic personnel at LAND OF FOLK [Danish Communist newspaper].

SF (The Socialist Peoples' Party) has since 1972 had tremendous difficulties deciding whether the party should be a part of the Social Democratic Party or whether it should participate in the general--and somewhat confusing--hodge-podge at the extreme left. After the general election in 1979, the party was forced to take a position to the problem because there was a possibility of cooperating with the Social Democratic Party and the Radical Liberal Party. In December 1979, the highest organ of the party decided that the conditions for cooperation would have to be worked out in such a way that they in fact prevented the establishment of such a collaboration.

In other words, the parties on the extreme left are doing poorly in Denmark. To use a trite word, they are in a crisis. They are in a parliamentary crisis, but they are also in a crisis in another way.

Since the late sixties, a rather important restructure of support for the parties on the extreme left has taken place. Each self-respecting city has one or more book stores with extreme left wing literature. The publishing world has experienced an increase in publishing firms who deliver especially adapted publications to the distribution network. The underworld has for a long time been characterized by romantic labor movement anarchistic groups. The student movement was captured by the parties on the extreme left immediately after 1968. VS (Leftist Socialists Party) and DKP (Denmark's Communist Party) have taken turns in controlling the positions of power in the National Union of Danish Students.

And the network expanded. The monopolized information networks, controlled by Denmark's Radio, have during the same period experienced an infiltration which it has taken all-day meetings by the Radio Board to clear up. Professional organizations such a BUPL [National Organization of Teachers], the Librarians' Union and a number of academic organizations have experienced a shift in power whereby the active extreme left wing has taken over the machinery from within.

However, this entire structure is also not doing so well any longer. A number of extreme left wing publishing houses have had to close down. Even the large Gyldendal which for a while thought it could get around the extreme left wing has entered into a crisis, mostly because it directed its book sales to a public which no longer showed the same eagerness to buy. The hipsters these days are moving from extreme political messages to the new sincerity which does not deal as much with the class struggle. The student movement is still there, but its fighting power is so paralyzed that it has not been able to accomplish even one successful demonstration since 1974. Left among the supporters are only some professional organizations where those members who were young in the late sixties still have time to go on playing with those thoughts and strategies which were developed then.

There is at the parties on the extreme left a close relationship between the parliamentary crisis and the decline in other areas of the society.

This is caused by the fact that both the parliamentary arena and the house, the music, the radio, the organizations, etc, must serve the common goal, to use those trite words again: To obilize in the fight against the establishment. The goal is the mobilization of the working class in all its glory. The mobilization must happen through pluprise tactics where the various supporters preferrably should be in close contact with each other.

However, the combined tactics are about to collapse. Good examples of this could recently be seen in the area called "resident associations." The barricades at "Byggeren" at Noerrebro, the confrontation with the police which was beautifully planned in such a way that the 1st of May demonstration at Faelledparken could go by "Byggeren" on its way home and thereby get an outlet for those suppressed aggressive feelings. Additionally, the emotional discussions in Copenhagen's city council about the city planning of the municipality was one such combined agitation with the purpose of mobilization. Each violent encounter has probably been filmed again and again to document the increasing police brutality. Correctly put together, the film clips could show the outside world that we live in a police state. The whole machinery was put into operation!

Nevertheless, the carefully planned operation failed. Not because the police almost immediately got control of all of Noerrebro's hide-outs, nor because the media failed in the decisive moment, but rather because the operation broke down from within. The residents' associations got into internal feuds. The Communists did not find it worthwhile to risk the municipal city renewal program to win some possible votes from the extreme left. It was already clear when the political reward was to be claimed from the city council that, especially VS-mayor, Villo Sigurdsson, had to fight his own feud against his communist mayor colleague, Ivan Hansen. The fight at "Byggeren" quickly became a rising, but also a quickly dying affair. Against their will, the parties at the extreme left demonstrated their impotence.

Why has it gone so poorly? And why, in spite of the fact that since 1918, parties in Denmark who are politically to the left of the Social Democratic party, and who have a clearly formulated reform message, have not been able to advance during a 60-year period? And why is it that during these years, the progress has so clearly gone in the wrong direction, considering the wishes and goals of the parties on the extreme left?

The questions are not easily answered. However, we can take note of some of the facts. We can note that during the 60 plus years, the parties on the extreme left have not succeeded in winning any worthwhile new recruitments among the voters. When the first step in the forming of revolutionary parties was taken in 1918 and 1919, the Social Democratic Party was quite far to the left of the views which, in the course of the 1920's, made it the party of the middle-class, democratic workers' movement. However, the restructure of the society, for which

the Social Democratic Party is mainly responsible, has since then almost systematically removed the economic conditions that invite a revolutionary movement. The improvement in salaries, the social security systems and the planning of production, have been of such a nature that the keyword "working class" no longer has the right stimula. But most decisive is probably the fact that the number of skilled and unskilled labors in the society has decreased year by year.

The whole development leads to the observation that natural voters on the extreme left have become a scarce commodity. It may still be possible to recruit new voters through intensive work in kindergartens, schools and advanced educational institutions. However, evaluating the materialistic interpretation of the society-development, which is the Bible-word of the parties on the extreme left, then the objective conditions for the victory of the working class in Denmark are lacking, and the conditions will be lacking at an increasing rate. Because of this, also the costs involved in getting the rewards are high while at the same time it must be remembered that newly converted voters often show less stability than desired.

It is against this background that the parties on the extreme left have entered into, and constantly will find themselves in a crisis. It is also against this background that the parties on the extreme left are more occupied by internal feuds than by adding more constructively (or destructively) to the parliamentary work. The reason for this is that when the votes are lacking, it is necessary to go stealing from each other. Both the experience from the 60 years of political parliamentary history and the recent adventure at "Byggeren" confirm the fact that the same has the highest priority among the crisis-suffering parties on the extreme left.

SOCIALISTS WANT DEFENSE DEBATE, BUT ON OWN TERMS

Copenhagen BERLINGSKE TIDENDE in Danish 4 Aug 80 p 8

[Editorial: "The Defense Policy Abyss"]

[Text] The feeble beginning of a defense discussion is finally developing. Finally, because the present defense arrangement expires 1 April, 1981, and becuase the people, the defense authorities, and our allies should in good time before the expiration of the present setup be made acquainted with future Danish defense plans.

For the time being the debate is not promising. Its central theme consists of the questions posed to the Social Democrats concerning the party's basic attitude to a defense policy. The theme has not been advanced by an evil-minded opposition, but by people of the government party's own ranks.

In the most recent exchange of opinions Lasse Budtz, the defense chairman o the Social Democrats, declared that his party still favors Denmark as a NATO member. Further, he reiterated that his party desires a broad agreement on defense, because this would quiet the unrest on the defense question. Doubtless, Lasse Budtz has these attitudes. Nor is it to be doubted that among the Social Democrats are persons, including the defense minister, who still acknowledge that the Social Democrats have a special binding responsibility for Denmark having joined NATO in 1949, binding for the future as well. But it is a matter of serious doubt if these attitudes will--as asserted--represent a united Folketing group after the debate. Will Jytte Hilden be able to support the goals set and the basic attitudes? Or, how about Eggert Peterson who, as is known, has a talent for arguing his fellow group members around to his view?

During the fall it will become clear how the Social Democrats will shape their concrete policy in the defense area. If the parties wishes to live up to its obligations and to the line Lasse Budtz apparently indicates, there will be no choice: Serious negotiations must be initiated with the other NATO parties, while the Radical Liberals, the Justice Party, and the Socialist People's Party must be sent about their business. But if the Socialist Democrats choose to go at defense policy alone--and Lasse Budtz hints at this possibility--it would be tantamount to bringing Danish

defense policy to the edge of a breakdown. For a one-year extension of the present policy would not only give defense a financial headache; it would also lead to political cleavages, not later reparable.

The lack of unity thus far among the Social Democrats blocks serious negotiations, and with the bitter experience of the premier's form of leadership, it must be feared that party unity is sought even at the cost of chaos in defense policy.

Does the government really think it can afford to bring this country to the edge of many abysses?

11,256
CSO: 3106

BRIEFS

SOUTH AFRICA ARMS SMUGGLING--The police in Lyngby expects that the investigation of the assertions to the effect that ships of the Trigon shipping lien of Vedbaek have been smuggling arms to South Africa will be completed within a couple of weeks. Police Chief Soren Sorenson, Lyngby, says to Ritzau's Bureau that the shipowners deny being guilty of violating the law, asserting that the ships were on long-term charters when they brought arms cargos to South Africa, and are therefore blameless. The masters of the ships also claim that they did not know the cargos were anything but mixed goods. In Svendborg the police is investigating a similar case, in which indictments have been made. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 1 Aug 80 p 5] 11,256

FEWER CONSCIENTIOUS OBJECTORS--The numbers of objectors to military service is down to less than one-third of what it was six years ago, according to the administration for civilians liable to the draft of the ministry of internal affairs. This dramatic drop is believed to be due to the improved conditions for the draftees. For 1980 the figure is about 600, of whom 510 have been placed; most of them, about 350, are in cultural institutions and the like. In 1974 the number of objectors had reached 1843 on the average on an annual basis. In 1975 it was 1739, in 1976 it was 1713, in 1977 it dropped to 1043, and during the past 2 years the figure has been about 600. The drop parallels the introduction of pay for soldiers, the free number arrangement, and the opportunity for voluntary service in the military. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 31 Jul 80 p 7] 11256

CSO: 3106

WILLY BRANDT INTERVIEWED ON ELECTION, CURRENT ISSUES

Bonn VORWAERTS in German 24 Jul 80 p 3

[Interview with SPD Chairman Willy Brandt by Gode Japs: "'The Election Campaign Is Being Waged Against the CDU and CSU and for the Candidate of the SPD'"]

[Text] In the opinion of SPD Chairman Willy Brandt, the race has not yet been run as far as the Bundestag elections are concerned. In an interview with VORWAERTS, Brandt warns against "overconfidence," deals with the relations with the FDP coalition partner and comments on foreign and development policy questions.

VORWAERTS: Mr Brandt, all opinion poll institutes are signaling a clear victory of the SPD at the 5 October Bundestag elections. Has the race in fact already been run?

Brandt: Nothing has been run as yet. Whoever says so might want to lull us to sleep. Nor would it be the first time for opinion poll institutes to have been wrong. I must warn again and again against overconfidence. Being convinced of victory sometimes serves as an alibi for inertia. What we need is persistent canvassing. Hence my constant plea to the members and supporters of our party (a plea already considered a nuisance in some places) not to become self-satisfied. According to a well-founded estimate, the CDU/CSU still might have been in a position to expect to obtain a few more Bundestag seats than the SPD if the election had taken place in early July. That can be changed.

VORWAERTS: You have set yourself and your party the election aim to become again the strongest party in the Bundestag and have warned against hoping for an absolute majority. Does the SPD not think it is capable of attaining an absolute majority?

Brandt: It is not a question of what one thinks one is capable of. Nor did I warn against a majority; that really would be a bad joke. But I did

warn against becoming supercilious. To keep one's feet on the ground, it is enough to take a sober look at the political landscape in the Federal Republic. Our country consists not only of the Hanseatic cities and North Rhine-Westphalia but of Bavaria and Baden-Wuerttemberg. If one takes a look at the election results in the south so far, one very quickly arrives at a realistic assessment in this question.

We want to become the strongest party in the German Bundestag not only in order to continue to be responsible for governing the country but to do so with as much Social Democratic politics as possible. Hence the aim to obtain as many direct mandates as possible. This is, as it were, the basis which is started with the help of the first votes. But one must not forget that our majority, that the majority required to elect the federal chancellor, depends on the second votes in the end. We have none to give away. Otherwise we will also not be in a position again to fill the post of speaker of the Bundestag, as we were able to do with Annemarie Renger in 1972 and 1976. All the rest belongs in the realm of illusions diverting from what needs to be done and to be accomplished now.

VORWAERTS: How is the SPD going to treat its smaller coalition partner, the FDP, in the election campaign? In the last week the Bundestag met, the coalition government, through its own fault, suffered two defeats in voting. Does this mean the beginning of the end of the SPD-FDP coalition?

Brandt: First of all, two votes were lost not by the federal government but by the coalition in the Bundestag. One should not exaggerate the importance of this, though one should also not believe that the breakdowns were unavoidable. It would be utterly foolish to predict the end of the SPD-FDP coalition on account of it. While not always easy, cooperation with the FDP has generally been fair over the years. It has proved itself for almost 11 years. Both sides have stated that they want to continue the coalition during the next legislative period.

Our election campaign is being conducted against the CDU and CSU and for the candidate of the SPD. It is impossible to be simultaneously for the SPD and for the FDP at the election. For the rest, we would be delighted if the FDP received numerous additional votes from people who have lost confidence in a CDU/CSU converted into an organization cheering for Strauss.

VORWAERTS: The past few weeks, particularly the CDU and CSU election party congresses, have furnished a foretaste of what the citizen can expect in the election campaign. Do you see any possibilities of preventing the political mores from degenerating?

Brandt: First, I have some hope and, second, I am altogether opposed to people dramatizing things. I have not yet quite forgotten the election campaign of the fifties and sixties. Today we are in a far better position, and our people in the meantime have learned what is possible and what is not. Something has come into being which I would like to call a sense of democratic style, of civilized political behavior.

I rely on that--and not so much, incidentally, on the so-called election campaign agreement. Yet we do not want that to become a farce either. For the rest we are sticking with the division of labor: we campaign for our program, while Strauss campaigns against himself, and we will not stand in his way there.

VORWAERTS: The SPD wants to conduct an issue-related election campaign. Is that not a little like eyewash, considering the expected confrontation between Federal Chancellor Helmut Schmidt and CDU/CSU candidate Strauss?

Brandt: To conduct an issue-related and argumentative election campaign surely does not mean to shed one's fighting spirit in the same breath. We will not be deficient in clarity. Surely one cannot forever adhere to the German tradition of the right attacking the left and of the reverse being considered immoral.

VORWAERTS: There have never been as many committed, and often nonparty, citizens as are participating in voters' initiatives against Strauss. Is the SPD pleased about these new election helpers?

Brandt: I understand and share the concern of many of my fellow citizens concerning a possible Franz Josef Strauss chancellorship. Nor have I any objections to active democratic commitment. On the contrary. All these individuals or groups, of course, act on their own responsibility and do not always express themselves in a way considered correct by the SPD. We have asked our members to commit themselves to and with the party, not only against Strauss but for a policy of insuring peace and a liberal and socially responsible policy. But I cannot blame anyone for concentrating on an important point of the election campaign.

VORWAERTS: Mr Brandt, the federal government has recently decided on new basic lines of development policy. The new guidelines did not adopt the decision of the Berlin SPD congress and the recommendation of the Brandt commission to implement the 0.7-percent objective by 1985. Did you expect more?

Brandt: Yes and no. If one looks carefully at the guidelines of the federal government, one will note that many of the recommendations of the North-South Commission have been considered and implemented. Further, the decisions of the Essen and Berlin party congresses definitely received attention. There are a number of things that I would have liked to see expressed still more clearly, but on the whole the government has no reason at all to be ashamed of the new "Development Policy Guidelines." We are quite well prepared for cooperation with the countries of the Third World in the coming years.

As to the 0.7-percent objective--in other words, 0.7 percent of the GNP--unfortunately some people talk about it who know nothing at all about the subject. Including, to be sure, those who would like to shirk their

VORWAERTS: In August Federal Chancellor Schmidt will meet with the chairman of the GDR Council of State. As chairman of the SPD, what do you expect to come out of this meeting?

Brandt: The Moscow talks of the federal chancellor showed what it means to talk with one another in difficult times. It is in the interest of the peoples in the West as well as the East--to put it even better, it is in the interest of the Germans in the East and the West--that Europe does not become a source of crisis. A meeting of the leading men in both parts of Germany which is not part of the political routine makes this more than clear. In short, the meeting in the GDR serves 1) the purpose of insuring peace in the heart of Europe and 2) the purpose of preserving and expanding the contacts in Germany.

8790
CSO: 4103

FDP STILL LARGELY IDENTIFIED WITH FIGURE OF GENSCHER

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 7 Aug 80 p 8

[Report by Thomas Meyer: "Genscher Remains the 'Spearhead'--The Free Democrats Prepare for the Elections"]

[Text] Bonn, 6 August--At present the FDP does not really know whether to laugh or to cry. Or does it only have to sit still, hold its breath and wait for 3 October? The polls and some of the party's own observations are showing it a favorable wind which might again carry it into parliament and government. But halfway between the election defeat in North Rhine-Westphalia and the Bundestag elections, no one can say for sure just how far the Free Democrats have risen from their low again. There appears to be a desire among the electorate not to let the third party go under. The only question is: Who will actually also give voice to this desire with his vote on election Sunday, rather than depend on enough other people doing so? The FDP has all along suffered from the deficiency of being liked but not being voted for when it comes down to it. In other words, there certainly was no reason for FDP people to go on their summer vacations with their minds at ease. The work has not yet been done by a long shot.

Who could know this better than Genscher? He is staying in Bonn, taking time off only at home, between engagements--and not just because of foreign affairs. Genscher knows that in these final 8 weeks before the decision he must see to it that the FDP continues to be talked about: he must maintain a constant presence if the shaky cushion of support for his party is to prove solid enough to sit on. In the past few months Genscher primarily had had to attend to his foreign minister's job; now he intends to be more prominent again as party leader. The proclamation of the FDP election appeal this Thursday is the signal for this.

Genscher is to remain the "spearhead" of the FDP in the Bundestag election campaign. It is to be primarily who is to personify what the party can offer and come up with today. Before the elections, internal party criticism of him--such as raised after the Duesseldorf election defeat and also in connection with foreign policy questions like missile armament, Afghanistan and the boycott of the Olympics--ceases wherever the image of the party

chairman might be damaged in public. But Genscher and the party also know that it is not enough to put a man on posters "nationwide" from Flensburg to Passau to demonstrate impressive political strength.

What is available in the upper layers of the party for a fairly "wide coverage" supraregional election campaign? The party has deserving and busy overtime politicians like Mischnik and Hoppe and, further down the age ladder, Deputies Cronenberg, Hausmann and Ingrid Matthaeus, for example. They are committee people and know their business. But when it comes to the big image, to identifying the person and issue, there are at present in the FDP, aside from Genscher, only Economics Minister Graf Lambsdorff and Minister of the Interior Baum, in whose case the now already more or less covert competition for succeeding Genscher at a later date is added as a stimulus.

Genscher knows how to take advantage of the assets of his two "heirs apparent" in the election campaign. Here it is of minor importance at present that Lambsdorff represents rather the more conservative Liberals, while Baum rather represents the "left" wing of the party. The FDP needs both--needs the whole spectrum--to win votes. Thus Baum, whose political action and instinct are not beyond dispute in the party, or in the coalition for that matter, is displayed as a guiding figure for the areas of environmental protection and constitutional-state politics--areas of special importance for the FDP. As for Graf Lambsdorff, Genscher has lavished particular care on him recently. His making him the "Erhard of the eighties" has caused as much delight in the FDP as it has provoked indignation in the CDU.

This all sounds like comfort for the FDP. Nevertheless they are greatly worried. The party is utterly serious about its "fight against absolute majorities." What is primarily behind this at the moment is fear of the coalition partner--the fear, that is, lest the SPD, all assurances to the contrary notwithstanding, be aiming at an absolute majority after all (and also get it after all, contrary to the expectations of the polls and probably also its own). This is what is back of the fight for the second votes which has broken out openly in the coalition. The FDP therefore, also already in the preliminary election campaign, has been appealing very strongly to voters with an "SPD-FDP" attitude with a view to making it clear to them that a victory of this very coalition depends only on the strength of the FDP, and that this requires as a minimum that one give one's second vote to the Free Democrats. This strategy leads to the this time somewhat complicated statements by the party on its election posters: "For the Schmidt-Genscher government, against the sole rule of a party, against Strauss." And the definitive FDP "election slogan" will read something like: "This time all or nothing, this time FDP."

In other words, while being afraid on the one hand lest more "coalition votes" accrue to the SPD on 5 October than is good for the Free Democrats, the FDP is keeping in mind that the fear of an absolute SPD majority may well be to the advantage of the Liberals. The basis of this thinking is the

[illegible] assessment of the situation in which the CDU/CSU leader Strauss is not given much of a chance. The hope is that in this situation, if it continues, considerable numbers of CDU/CSU voters will cast their ballots for the FDP in order to avoid what they regard as the worse of two evils--an absolute-majority rule by the SPD in Bonn. In addition, one continues to figure on traditional CDU voters who do not want Strauss but don't want the SPD either.

While these calculations sound simply, they assign a difficult task to the FDP. If it were to break into the CDU potential, it cannot remain the FDP of Freiburg or [illegible]. At its congress early this summer, the FDP, with Genscher on its right, presented the picture of a distraught formation which at any cost wanted to run after the SPD and, in so doing, if possible, to overtake the Christians on the left to boot. But it is also impossible for the FDP to present a picture as if it were the "real CDU," because, both as regards its historical party structure and as far as its election chances are concerned, its main asset is the "SPD/FDP" potential. And the independence toward both antagonistic poles of [illegible] wants [illegible] FDP prayers--is difficult to explain to the voters, including FDP supporters, who presumably have above-average political [illegible].

[illegible] chances of the Genscher faction is having a difficult time. It may benefit from the fact that the expected great duel between Schmidt and Strauss apparently will not take place--or at least has not occurred so far. In such a confrontation the FDP even with Genscher would have found it difficult to keep its head up front in the thick of things. But the Bonn [illegible] complicated thoughts and strategy games of worried Free Democrats [illegible] out, and things may also turn out quite differently. What counts is something else: for the party base in the districts and local organizations, well informed and well supplied with political argumentation to swap hourly slurs and unfortunately comment, for the election campaign to be waged reasonably [illegible] there. This is where one hears complaints about the FDP. While all parties love to engage in a kind of [illegible] combat, the by contrast powerful organizations of the SPD, of the CDU with their big personnel and material reserves can unleash electoral battles overnight also in small towns and villages. The FDP, on the other hand, is supposed to have that 200 election districts by direct confrontation of votes and has a chance even to get into parliament in Bonn, [illegible] perhaps [illegible] exceptions. There often are branch managers who would [illegible] be prodded. Genscher needs to build a fire under [illegible] because the summer days have fatal consequences for the [illegible].

[illegible]

GENSCHER AFFIRMS ELECTIONS CRITICAL FOR FDP SURVIVAL

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 8 Aug 80 pp 1-2

[Report by "my": "FDP Afraid of SPD Absolute Majority--Genscher Presents Election Appeal--Canvassing for Second Votes--The 'Liberal Rule-of-Three'"]

[Text] Bonn, 7 August--In the opinion of its chairman, Genscher, the FDP is facing its toughest election campaign ever. "The existence of the FDP is at stake," said Genscher in Bonn on Thursday [7 August] in presenting the Free Democratic "election appeal." The FDP, he said, will fight for "every single vote to the last day" and will not let any favorable forecast lull it into a "feeling of false security." There was no certainty as far as votes were concerned; the Landtag election in North Rhine-Westphalia had shown how an exaggerated sense of security on the part of the FDP could lead to a negative result. Describing an absolute SPD majority on 5 October as a "real danger," Genscher said: "I only rely on our action and our fighting ability."

The three-party system has insured a high degree of political stability for the Federal Republic in the postwar era, Genscher said. It was the FDP's election aim to go into the Bundestag with more seats than previously in order to "strengthen the SPD-FDP coalition under Helmut Schmidt." The foreign minister took a clear stand against the predominance of any one party. In saying so, he primarily had the SPD in mind; a victory by the CDU/CSU, he regarded as "rather academic." As had been shown in North Rhine-Westphalia, there were strong forces in the SPD working overtly or covertly for an absolute majority. Genscher indicated whom he was talking about among others when he said in a different context that it was possible "with a clear conscience" to count SPD Executive Manager Bahr "among the political competitors" of the FDP.

Genscher said that a vote for the FDP was a guarantee for a continuation of the SPD-FDP coalition under Helmut Schmidt, just as it would prevent a CDU/CSU rule, and thus Strauss from becoming federal chancellor. The FDP would therefore do all it could to make clear to the voter the importance of the second vote. It was "entirely feasible" to support the SPD candidate with one's first vote and vote for the FDP with one's second vote, thus strengthening the coalition. Genscher recommended the same procedure to those CDU voters who would like to have their election district candidate

[illegible] to the Bundestag but did not want to have Strauss as chancellor [illegible] "in a broader assessment of the situation" intended to strengthen the FDP.

In Genscher's view, the FDP, through action and fighting ability, must seek to offset [illegible] competitive advantages of the two big parties in this election campaign. Both the CDU/CSU and the SPD had far greater funds at their disposal, both parties had far stronger organizations, and finally they enjoyed the support of the "most varied auxiliary forces." In this connection FDP Secretary General Verheugen said that the FDP would not exceed its election campaign budget of about DM 30 million, half of which was being spent in direct support of election district work. In other words, it was intended to conduct a "members' election campaign." In addition to Genscher, who is to "personify" the FDP and its aims, Verheugen said, 30 politicians of the party are standing ready to represent the "supraregional FDP" in 1,600 election campaign events in all.

Concerning his party's election campaign topics, Genscher said that foreign, security and German policy had to be regarded as decisive points for the voters to look at. The FDP embodied continuity of foreign policy in all directions. Whereas the SPD still had an "unrealistic relationship" toward détente and [illegible] Third World. Genscher also clearly indicates the key points of the FDP election campaign by referring to economic and social policy and [illegible] security. Whereas Minister of the Interior Baum guarantees a secure and viable constitutional state, Economics Minister [illegible] could be described as the "Erhard of the eighties."

The FDP's [illegible] "coalition of the state and free market system" not only [illegible] coalition but increasingly also [illegible] the CDU/CSU, which was more and more saying goodby to free market principles. Concerning [illegible] Genscher said that his view differed from Strauss' views in many areas. However, he did not want to deny either Strauss' or the CDU/CSU's "[illegible]" ability to maintain, and rule in, [illegible] one of the most [illegible] states. He said: "We would not have formed a coalition with the CDU/CSU in the past if we had not regarded it as able to maintain [illegible] good relationship."

In the [illegible] change [illegible] in the coal and steel industry, [illegible] Genscher said that it was up to the SPD alone to pass a law in a special [illegible] session under the particular management policy field. The SPD and FDP, he said, had also been in a position to discuss such developments in good time, starting at Bonnessemine when they jointly decided the [illegible] Only Genscher said that the SPD would have to ponder the [illegible] whether it wanted to deviate from it and get [illegible] For this purpose, the "first is no single [illegible] in the coalition had been such it [illegible] in part through parachut straight, this [illegible] kinds of people there would be without the FDP.

The FDP "election appeal," a folder produced for a start in 2.5 million copies, is a short version of the election platform passed at the Freiburg party congress. The title page shows Genscher by himself, just as is planned for nationwide posters. Further on there are portraits of Wolfgang Mischnick, Liselotte Funcke and Ministers Ertl, Baum and Lambsdorff. There follows what Verheugen calls the "Liberal rule-of-three"--"For the Schmidt/Genscher government, against sole rule by one party, against Strauss." Furthermore the election slogan--"This time all or nothing, this time FDP"--is being distributed here nationwide for the first time.

8790
CSO: 3103

PUBLIC IN GERMANY SHOULD DO MORE FOR ITS MILITARY

Allensbach ALLENSBACHER BERICHTE in German No 18, 1980 pp 1-4

["Post-Afghanistan Change of Heart Is Fading Once More"]

[Text] Allensbach-Base Assistance, end of July 1980--Western Europe will have to do more for its defense than it has to date! That was the German people's immediate reaction to the Soviet incursion into Afghanistan. From 18 percent of those who had stated in the fall of 1979 that the Western European countries should do more for their military security in the future, the percentage jumped to 41 a few weeks after Afghanistan. The opinion share of those who thought that enough was being done at that time dropped from 34 percent to 20 percent. Three months later hardly anything remains of this change of heart. An Allensbach survey shows that during May 1980 only 41 percent of FRG citizens consider increased military spending necessary. Thirty-four percent consider the status quo as being sufficient.

An analysis of these latest results according to sociological groups discloses considerable differences of opinion. About one-half of the male sample thinks that more must be done. On the other hand, only 30 percent of women are of that opinion. The high number of those registering "no opinion" simultaneously demonstrate their uncertainty and lack of competence on this question.

Among the age groups, the 30-year olds are most easily satisfied with Western Europe's efforts for defense readiness (46 percent). Only 30 percent of them want to do more than in the past, i.e., 11 percent fewer than the population average.

If the adherents of the Bonn coalition had their way, the defense status of the Western European countries would have to be markedly raised. CDU/CSU voters spoke in favor of greater defense effort at a ratio of 3 to 1. However, a majority of SPD and FDP voters considered the present status sufficient.

Technical Statistics

Sample size:	approximately 2,000 persons
Sample represented:	FRG territory including West Berlin; age 16 or older
Period of survey:	May 1980
Number of interviewers:	360
Archive numbers of questions:	3082; for trend determinations, 2092, 3073, 3078

Table 1

Opinion Poll Question by the Allensbach Institute for Demoscopy: "Consider Western Europe's defense readiness: In your opinion, are the Western European countries doing enough for their military security, or should they be doing more than they have in the past?"

	Total FRG Population, including West Berlin, minimum age 16			
	Apr 1973	Sep 1979	Feb 1980	May 1980
	%	%	%	%
Do more than until now	26	38	51	41
Status quo is adequate	50	34	29	34
Undecided or do not know	24	28	20	25
	100	100	100	100

Table 2

FRG Territory Including West Berlin; Minimum Age 16

Question: "Consider Western Europe's defense readiness: In your opinion, are the Western European countries doing enough for their military security, or should they be doing more than they have in the past?"

	Do More (Percent)	Status Quo Adequate (Percent)	Undecided; Do Not Know (Percent)
Total population	41	34	25
Men	53	35	12
Women	30	34	36
Age groups			
16–29	30	46	24
30–44	48	33	19
45–59	44	32	24
60 and over	40	26	34
Education			
Primary School	39	32	29
Higher Education	44	38	18
Occupations			
Fully trained workers	33	33	34
Specialized workers	41	35	24
Subordinate employees/officials	40	36	24
Superiority employees/officials	51	33	14
Independent, self-employed	47	31	22
Agricultural	27	31	42
Political Orientation			
CDU/CSU voters	58	20	22
SPD voters	33	46	21
FDP voters	24	49	25
Political Interest			
Interested in politics	50	37	13
Not interested in politics	31	31	38

Regional Areas			
Northern Germany, including West Berlin	36	40	24
North Rhine-Westphalia	39	34	27
Rhine-Main/Southwest	44	30	26
Bavaria	43	35	22
Community Size			
Villages	46	30	24
Small towns	39	33	28
Small cities	40	37	23
Big cities	40	35	25

9273
CSO: 3103

AMBASSADOR GROSSIN INTERVIEWED ON LDC POLICY

Blantyre MALAWI NEWS in English 10 Aug 80 pp 7, 9, 11

[Interview with Jean Grossin, French Ambassador to Malawi, by Mike Kamwendo, date and place not given]

[Text]

Q: As a former colonial power in African countries, what is the French policy towards developing countries in general?

A: The historic role of France in the world, the knowledge it has acquired over many years from the developing countries, the responsibilities it has assumed in some forty of them, the persistence of the economic and human links which have taken place over a long period between the Homeland and the Overseas Countries, explain, I think, the comprehension that France is showing towards the Third World.

No world power can neglect these problems as well as the Third World cannot neglect the consequences of the evolution of ideas and technologies in the rest of the world. The planet is narrowing and everyone can say as Goethe: "Nothing which is human is unknown to me." This being said, it is certain that France devotes to the Third World and particularly to Africa, and more particularly to the countries where it has assumed special responsibilities, an important part of its preoccupation and means.

On the political side, everyone can recall the action of General de Gaulle from 1960 in the decolonization of French speaking Africa. More recently, I particularly recall some initiatives taken these last years by President Valery Giscard d'Estaing concerning the North South Dialogue (1974), the trilogue project between European, African and Arab countries and ACCDA (1980) (concerted action for the development of in Africa).

These projects have the merit of showing the solidarity of the organised development in concertation and not confrontation.

The aid of France, of which I would like to point out, is granted to the Third World countries who ask for it without interfering in their external affairs and their political options they have chosen as far as the projects they have selected are economically sane.

This stabilizing role played a part in the military field only for well defined tasks and for a limited time and only on request from the governments which are included in existing agreements when they are the subjects of external interventions likely to destabilise their country and consequently cancel the development action in which we are engaged. This was the case, for example, of our military aid in Shaza and in Mauritania. The French role in Africa seems well understood. I shall give for instance the partici-

[illegible] to the French African meetings which are taking place alternatively each year in France and an African country. At Kigali last year, at Nice this year, in Zaire next year. 35 African countries were represented at Nice last May, and very often by Chiefs of state.

On this occasion I would like to underline the crucial role that France has played in the establishment of the Conventions of Yaounde I, Lome I and Lome II which link the 9 countries of EEC to the 58 African, Caribbean and Pacific countries.

It might be of interest to point out that the French participation amounts to 25.9 per cent of the total credits from FDE (European Development Funds) which means that for one kwacha brought in by FDE, 25.9 ngwee are French.

The whole of the financial FDE schemes to the ACP countries for 1985-1988 amounts to $ 60 (millions of UC = CUCE $ 54 francs).

The implementation of Lome II has resulted in an increase of 6% per cent of the financial envelops.

I would also point out that France is the 3th donating country of IDA (International Development Association) and that it has participated in the 5th increase decided by the World Bank in order to 1988 for an amount of 688 millions. The share of France for US$ 9 billion was raised by 30 per cent to 69 millions of francs in 1987 and 5.1 per cent in 1989.

Q: What is the difference in France's development co-operation programmes towards say Franco-phone Africa as contrasted from Anglo-phone Africa?

As for 1989, France devoted 0.7 per cent of her GDP to aid in development (it was 0.5 per cent in 1988). The net aid amounted to 0.60 per cent in 1980.

France's percentages put her in the 5th position amongst the industrialised countries (after Sweden, Netherlands, Norway and Denmark) but she is in 2nd position (after the USA) in absolute value.

The bilateral public aid covers 85 per cent of the whole of the French public aid. 10 per cent of this aid is assigned to the non Franco phone countries of the Third World.

The Ministry of Cooperation ensures the implementation and the administration of the agreements passed with 26 Franco phone countries from Africa. The technical assistance (10 700 civilian cooperants) and the investment subsidies granted by the Cooperation and Aid Fund are the two main programmes drawn up by the Ministry of Cooperation.

The action of the Ministry of Foreign Affairs for the rest of the world is mainly directed to the training (French personnel on the spot, missions of experts, scholarships for training, procreation of experts, formation of cultural centres, distribution of books, of the language and of the cultures).

Furthermore the Caisse Centrale de Cooperation Economique grants loans to the states who have concluded with France cooperation agreements. Also the Treasury grants loans at low interest rate to some countries who have agreed to sign with France loan agreements with a view to implementing industrial, agro industrial etc... project.

Q: In France's colonial history, she championed herself as Europe's centre of culture and welcomed foreign nationals — and even had one or two Africans in her Cabinet. Has this sentiment dissipated in the wake of the immigrant problem she has been experiencing the last few years?

A: It is true that in the past many Africans have been members of the French Parliament and have even been members of the French Government. This has been the case of Messrs Senghor and Houphouet who are now President of Senegal and President of the Ivory Coast respectively.

There is, at present, 100,000 foreign students in our universities, most of them Africans, studying side by side with 900,000 French students. Due to the present unemployment, restrictive measures have been taken regarding the immigration of foreigners but only foreign workers are affected. Foreign students, either scholars or those who are rich enough to pay their own tuition are welcomed in France as in the past. The only stipulation being that their cultural standards are verified to ensure that they are bona fide students and not illegal immigrants.

Q: The US, Britain and France are the Western Protecting Powers over West Germany with 6,500 American soldiers, 3,000 British and 2,000 French, making a total force of about 12,000. This may be a token force but the principle is the issue. Is there a real danger felt by France of the possible "Finlandisation" or "Sovietisation" of West Germany which would automatically affect France's position?

A: Your question shows that this is a problem which is particularly unknown in Malawi.

The USA, Great Britain and France are hardly protective powers of West Germany with the symbolic forces which you mention.

These 3 countries are, with the Russians in fact, warrant of the Berlin Statute according to an agreement drawn up in 1971 between the 4 triumphant powers of the Second World War.

The Berlin question is certainly one of the most sensitive hot points of the world. But, concerning the defence of West Germany, my German colleague will be able to tell you better than I, that his country is a member of NATO (North Atlantic Treaty Organisation) together with many countries of Europe and the USA. This organisation which foresees a combined structure of the armed forces, has as a result, the presence of combined forces of NATO on the territory of its members, obviously more numerous and stronger than the symbolic forces which you mention since they must contribute in counter-balancing the opposite forces in all circumstances.

However, France has a particular position concerning defense. She is a member of the Atlantic Alliance and has just recently solemnly affirmed once again that France would not fail in her engagements, but since 1966, following a decision by General de Gaulle, she ceased to belong to the combined military structures of NATO. That is to say that France has full independence of its defence policy, in other words the mastery of the whole of its military powers (and notably of its atomic power of dissuasion) and of the decisions which involve them.

Therefore it is in virtue of bilateral agreements with the German Government that part of the conventional French forces which President Giscard d'Estaing paid a visit recently are in Germany (it is correct to say that 50 per cent of Frenchmen do their national service in Germany).

As for saying that France feels there is a possible danger of Finlandisation or on the other hand Sovietisation of West Germany, I can only say that this question does not seem to be actual especially after the journey to Bonn of President Giscard d'Estaing which marked a spectacular deepening of the France-German entente.

Q: Who is responsible for the image and direction of modern day France — the politicians, the media, or the economy, in the role played by he. being a member of the EEC?

A. Your question seems to denote a doubt on the quality of the information which you have been given by various sources on the role played by France at the heart of the EEC.

I will make an effort to reply to it with maximum objectivity. The European construction corresponds, for the French government, to different motivations.

1. To abolish the causes of fratricidal wars which ruined European countries from 1850 to 1950 and took a heavy toll of its population.
2. To still respect the essential interests of the member nations, if only to succeed in creating a lasting European entity (the Europe of the countries which were dear to General de Gaulle imposed itself forcing plans of united Europe which would have been utopic).
3. To establish between the member countries a customs union with a common exterior tarif, which makes the EEC basically different from a European association of free exchange.
4. To promote in a parallel direction a political Europe capable of maintaining in the world a personality which would be the expression of a millenary civilisation adapted to the modern world.

6 countries at the time Treaty of Rome (France, Germany, Italy, Belgium, Holland, Luxemburg) embarked on this adventure. 3 others joined since (Great Britain, Denmark, Ireland) accepting to join up with their predecessors with some delay and adaptions in the edification of Europe which had already largely progressed; other countries would like to join today, we believe that they should accept, not only the advantages, but also the obligations of the Treaty of Rome and of the agreements which preceded their participation. We also feel that the adhesion of new members must be carefully prepared so as not to prejudice the strength of the unity of the structure.

I wish to add that the EEC managed to overcome all the obstacles in spite of the yearning, the reticence, the supporting or utopian spirits. There is still a long path ahead but a long path has already been covered. Europe has become a living reality of which the institutions function, and which has forged remarkable implements such as the Lome 1 and 2 conventions which particularly interest the countries of Africa.

Europe now shares one voice in many fields after useful consertations, not only in the economical field, but concerning political matters as important as the Afghanistan Crisis, the crisis of the near East, Zimbabwe or South Africa and many others.

I do not know your sources of information, nor the image which you may have France's action in this field. I think that France, like its partners, can be proud of the results obtained since the Rome Treaty.

Q: As a nuclear power and part of the Western Protecting Power of West Germany, and also a member of the European Community, how does France justify undertaking the recent solo trip to Moscow which she knew would make the other powers jittery, particularly in her timing?

A: The visit of the Chancellor to Moscow has been considered by the French Government not

only useful but necessary. It is sufficient to imagine what the tension in the world would have been in the absence of the two successive conversations that President Valery Giscard d'Estaing had with Mr. Brejnew at Warsaw and Chancellor at Moscow on problems of highly sensitive nature.

Franco-German co-operation is now an essential aspect of each of the two states' life and policy. It must achieve, together with their European Community partners and with the help of the other states in sharing in the identify of Europe to make the latter's voice heard again in world affairs.

France, as an independent nuclear power, is not directly concerned neither by the decision adopted by NATO last December (implementation of the NATO missiles in Europe and parallel negotiations with the East), nor by the Soviet reaction to this offer of negotiation. France has indicated that she will not participate in the negotiation of SALT III, but she is, of course, deeply preoccupied by the strategic balance in the world and in Europe and is in favour of the search for a balance which should be global and which should include conventional forces.

As President Giscard d'Estaing has declared whilst visiting the French Military Forces stationed in Germany with the Chancellor, that his presence at this mutual military ceremony is the proof of the confident and friendly co-operation which has taken place between the two commanding authorities and the two armies.

Q: In the continued roll call among the international bodies voicing their disapproval of South Africa's apartheid system, France recently added her voice to the same. How does she reconcile the selling of arms to the same country which is now virtually an army state on one hand and wishes to be counted as against South Africa's racial policies in the other?

A: I think that your information is erroneous. I will not recall in detail the fundamental opposition of France — and all the French people — to the policy of apartheid. It is out of the question and is unthinkable that a social system should grant the basic liberties of the human being based on ethnic consideration.

We feel it as deeply unjust, it is also a major political mistake.

As the Minister of Foreign Affairs has pointed out again at the General Assembly of the United Nations on September 27, 1978, the policy of apartheid is denounced not only as an unspeakable contempt of the human being, but also as a detonator likely to explode in violent confrontations. That is why, France, in 1977, adopted together with her European partners a moral code for the subsidiary branches of the European firms in South Africa, the objective of which being to erase the racial discrimination in places of work. On the other hand, in 1977, at the Security Council, France announced a compulsory embargo on the arms deliveries to South Africa and enforced it immediately.

Q: What should be the role of embassies in the 80's in the exchange of information where in the past this activity has been limited to a few members of the external service of both countries?

A: The role of an Embassy has always been to make its country better known to the country in which it is represented and vice versa in order to develop between them friendly and confident relations.

The development of the instruction as well as the importance of the media (radios, press, television) make people more and more interested by world news. It seems necessary that the Embassies should have the opportunity to specify the position of their governments concerning these events taking into account the particular interest which they arouse in their country of residence.

I, personally, feel that the duties of diplomatic life should also give to their writings a particular serenity and objectivity. On the other hand, concerning public documentation, the Embassies and their cultural centres are certainly a precious source of information and documentation for the public of the country of residence. Technical progress and means which they have, as well as the relays which the national medias can offer, are a way of developing their possibilities in the years ahead.

Q: The French Cultural Centre in Blantyre symbolizes France's attachment to matters cultural — and her activities in Francophone Africa bear witness to this effort; would you say French people also know about countries in which their Government has missions?

A: It is up to every country to make itself better known to the countries with whom it wishes to develop relations. As far as France is concerned it is one of the aims she has assigned herself by means of our cultural centres. But, believe me, I want to contribute to a better knowledge of Malawi, not only for my Government — which is my duty — but for the French people.

Be sure that every time there is an opportunity I shall endeavour to contribute to the efforts of the Malawi authorities.

Q: Although you have been in Malawi for a short time, would you say France's contribution to this country's development is felt, and that it has been effective?

A: Though I have been in Malawi for a short time, I have been able to have an idea of our relations with your country, of what has been done and what could be done.

Beginnings are always hard, but I must pay a tribute to my predecessors who, thanks to the comprehension displayed by His Excellency Dr. H. Kamuzu Banda, have set up this Diplomatic Mission, created the Cultural Centres in Blantyre and Lilongwe, have brought indoctors, teachers and training officers in various fields, sent scholars to France, signed co-operation agreements, made the best use of the credits which were attributed to themoy the French Minister of Foreign Affairs.

I was surprised, however, that exchanges between our two countries were not more developed in the past. What I have seen of the results obtained thanks to the multilateral aids in which we take part financially, has allowed me to inform my government of the remarkable use that Malawi makes of international aide, in spite of the fact that our manufacturers have not yet had the chance to participate in the materialisation of these plans. This does not simplify my task, but nonetheless, I have faith in the bilateral network, to incite my government to favour the fulfilment of certain priority plans for Malawi which are likely to interest French industry and technique.

Allow me to add to this text some more information on the question of France supplying to Iraq a nuclear research reactor and which has been the object of tendentious comments by the

"Daily Telegraph" and published in the 21st issue of the Malawi *"Daily Times."*

It is correct that the nuclear research reactor fuel supplied by France to Iraq consists of highly enriched uranium. This, in fact, is in no way surprising, since practically all the research reactors in service in the world, and in particular most of those supplied by the United States, use this type of fuel.

It should be noted that both the reactor and its fuel are supplied under the terms of the "co-operation agreement for peace uses of nuclear energy, concluded between France and Iraq on 18 November, 1975 and supplemented by an "exchange of letters" of 11 September, 1976. These two texts, published in the Official Journal on 18 June, 1976 and 9 March, 1977 respectively, provide for and organise not only the principle, but also the material implementation and the maintenance of the international Atomic Energy Agency's controls. The thoroughness, strictness and validity of this international system of safeguards are acknowledged by the international community. The enforcement of these controls on a plant supplied by France to Iraq, a country that is itself a party to the treaty on non-proliferation of nuclear weapons, should allay the fears. France's representative explictly stated on 12 June, 1968 before the United Nations General Assembly that France, while not a party to it, would observe the spirit of the non-proliferation treaty, particularly Article 4 which contains the following sentence: "..... Nothing in this treaty shall be interpreted as affecting inalienable right of all parties to the Treto Develop. Research, production and use of nuclear energy for peaceful uses, without discrimination..." "In engaging in scientific and technical co-operation with a country like Iraq, which legitimately intends to benefit from the peaceful uses of that energy, the Government is consciously acting in strict compliance with the generally accepted rules of the international nuclear trade and doing nothing to add to the instability of that part of that world.

CSO: 3120

COMMUNIST PRESS REELS UNDER TOP-LEVEL IDEOLOGICAL DEFECTIONS

Paris LE POINT in French 21 Jul 80 p 28

[Article by Catherine Guigon: "Circulation and Resignation"]

[Text] L'HUMANITE, an informational newspaper or a militant newspaper? The leaders of the PCF [French Communist Party] would probably not accept such an alternative. For them, the central organ of the party must obviously be both. And, nevertheless, the malaise which is bothering the editors of the communist daily has had some bearing on the question. Certainly, journalists resign for "personal" reasons, but the hardening of the PCF has economic consequences. Let us look at them.

L'HUMANITE today sells between 85,000 and 90,000 copies. It has lost about 15 percent of its circulation in 1 year and, according to the last CESP [expansion unknown] (see page 29), 28 percent of its readership. The decline was particularly noticeable in Paris, where L'HUMA (with an average of 15,000 copies sold per day at the beginning of June) is closely followed by LIBERATION (14,900 copies) and is far surpassed by LE MATIN (26,000). Certainly, there are subscriptions, the number of which is kept secret: they are estimated at 40,000 copies, but several thousand are sent directly to countries in the East. In brief, a fall in readership related to the decline in morale of the journalists.

The recent resignation of the editorialist Jean Pierre Gaudard, the head of the economics department, "in profound and almost total disagreement with the current party line," has not ended a crisis which has been brewing for many months in communist editorial offices.

One sign of the malaise: the announcement of the departure of Jean-Pierre Gaudard, on 25 June, not only surprised his colleagues, but it aroused among them some suspicions. A journalist with L'HUMA for 10 years, Jean-Pierre Gaudard had never been known as a "dissident." Thus, when he distributed the text of his letter of resignation to all department heads, some were afraid of a trick. Wasn't that one way for the leadership of the PCF to crystalize discontent and encourage

a rash of departures in the editorial offices? As a show of their loyalty, a petition was drawn up which spelled out and reaffirmed the attachment of the editors to the open line of the 22nd and 23rd Congresses. Rene Andrieu thought it was "badly timed," and refused to circulate it.

In reality, today, the editors of L'HUMANITE feel they are on a tight rein. As proof: Georges Marchais no longer hesitates to "revise" the work of the journalists, asking his secretaries to reread, even to rewrite, the reports of his television appearances. Likewise, many polemic articles--such as the recent attack on LE MONDE and the "Giscardist passion" of its editor Jacques Fauvet--come right from (entirely rewritten) the central committee. Articles on the glory of the olympic games or on "socialist" Afghanistan, communiques from and speeches by the leaders of the PCF head the list. "The only thing we are asked to do is keep quiet and follow the line," some people complain at L'HUMA.

Actually, the trouble goes deep and affects all of the communist press. One last example: the resignation, on 6 July, of Michel Cardoze, 38, associate editor-in-chief of REVOLUTION, the weekly for communist intellectuals. A former leader of the UEC [Union of Communist Students] in Bordeaux, in charge of holding in check leftist "deviationists," Michel Cardoze is nevertheless a pure product of the party. In spite of his easy-going manner, he is tough and, if he is still in favor of the union of the left, he never accepted the PC's "prostituting itself" in working with the PS [Socialist Party] in 1974. His departure for "personal reasons, not in any way connected to any disagreement over the general line of the PCF" does not fool anyone. Faced with the impossibility of making REVOLUTION a credible newspaper, Michel Cardoze preferred to pick up his marbles.

Readership (number of readers)
of the main newspapers carrying political news

Titles	Readership	Change in percentage 1980/1979
PARIS MATCH	4,731,000	+19.2
L'EXPRESS	2,804,000	- 0.8
LE NOUVEL OBSERVATEUR	2,203,000	- 0.4
LE POINT	2,168,000	+ 6.6
LE MONDE	1,465,000	- 3.5
L'HUMANITE-DIMANCHE	1,148,000	-16.4
LE JOURNAL DU DIMACHE	1,083,000	- 7.3
FRANCE-SOIR	935,000	-15.9
LE PARISIEN LIBERE	916,000	-14.4
LE FIGARO	778,000	- 9.7
LE MATIN	582,000	+11.7
L'HUMANITE	438,000	-28.0
L'AURORE	348,000	-29.4
LA CROIX	298,000	+22.6

8956
CSO: 3100

ARMAMENTS EXPERT ASSESSES DEFENSE, WEAPONS-COST RELATIONSHIP

Paris DEFENSE NATIONALE in French Jul 80 pp 65-80

[Article by Armaments Engineer General Pierre Maisonneuve: "The Cost of Weapon Materials"]

[Text] Financial problems weigh heavily on the armed forces. Locked within an excessively tight budget, they must nevertheless perform best. Hence the importance of the cost of materials which affects their amount.

Maisonneuve, armaments engineer general, and deputy director of Plans-Programs of the Office of Programs and Industrial Affairs of the General Armaments Authority, is properly qualified to present a problem familiarity with which is an important element in the planning of future weapons.

In 1980 France plans to allocate 3.77 percent of its gross national product to defense. This financial effort, consistent with the guidelines of the 19 June 1976 law on military programs for 1977-1982 and which, according to that law, must grow in the years to come, expresses the will of France "not to avoid its obligation of watching over its own security."

Naturally, it would be useless for a country such as France, whose gross national product is lower than that of the United States by a factor of 4-5, to try to acquire the same amount of weapons as the two greatest world powers. However, within the limitation of the resources allocated every year for defense (88.6 billion in 1980, 39.8 billion of which for capital expenditures), anyone who shares even the slightest amount of responsibility and activity in the management of such funds should see to it that they are used in the best possible manner and without losses for their primary objectives: the meeting of the major political defense choices which France deems essential for its security.

One of the basic elements and, at the same time, one of the main indicators of this management is the sum total of prices of armaments. That

is why the purpose of this article will be to point out the vigilance exerted toward them and to introduce some clarification as to concepts used (prices, estimates and allowances), and to detail a certain number of results.

Watching Over Prices

For the sake of refreshing the memory, allow me to recall that the defense markets obey specific rules and procedures whose well-defined target is to see to it that public funds are not mischanneled and are used under the best possible administrative and accountability conditions. Superior agencies are in charge of such control before or after expenditures. Actually, such agencies are in charge of exercising control within the operational levels themselves.

I would like to emphasize, above all, the state of mind which dominates the choice of programs and controls their implementation. For a number of years a deliberate policy, as well as the economic national and international context, and even a certain fashion* have created, developed and consolidated, as much among engineers and technicians as among the military, concern about the cost of their inventions, designs, requirements, and needs. A number of stages lead to dispensing economic knowledge among them, indispensable if they are to exercise their responsibilities. Considerations on the spirit and methods for the implementation of the programs have been made; texts have been drafted and applied.

I shall illustrate this by citing the preface to the "Guide for the Implementation of Armament Programs" (1974), a work based on the responsibilities of armament inspection:

"The implementation of projects should not be left to improvisation or to chance. . . . Several years ago, interest was focused mainly on technical aspects. Very quickly, however, considerations related to delays and costs made themselves be felt. Currently, we could say that the order of concerns has changed. The increased financial burdens imposed by the programs have given 'cost' a prime importance."

The 1976 law on military programming has largely contributed to the acceleration of this awareness. This is one of its merits. Naturally, previously other program laws had been passed. However, they were partial and based on program authorizations. Essentially, even if estimates had been provided, they restrained (or authorized) the implementation of some programs at the proper time: Insufficient attention had been drawn to the resulting implications affecting overall payment requirements and it might have been thought that the latter "would always follow."

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* Actually, this fashion has not had exclusively positive consequences, as described here. This, however, is a different matter.

Conversely, the 1976 law, based on payment credits and covering overall requirements of the armed forces, makes the officials in charge face their overall present and future responsibilities. It stipulates for them the financial framework within which they would be able to maneuver; therefore, implicitly, it sets the price of materials through choices involving "performance, quantity, and price," which makes it impossible to acquire the planned resources. On a reciprocal basis, the analysis of price developments is particularly useful in the formulation of realistic programs.

It is part of my job to chair, on behalf of the armaments delegate general, the permanent executive committee, an agency which consists of representatives of the chief of general staff of the armed forces, the armaments delegate general, the secretary general in charge of administration, a representative of the general control office for the armed forces and the chiefs of staff, offices, and services, with a view to presenting their opinion to the minister prior to undertaking the implementation of the successive sections of important programs. I can testify that concern for costs is displayed at each meeting. It is thus that cooperation has been developed among the various services of the Ministry of Defense which, henceforth, excludes the rule of partial integration which consists of suggesting (or requesting) the complete documentation for the cost of one of its elements, to which, little by little, the cost of the other elements is added.

The Concepts

Naturally, difficulties still exist but some of them are artificial and come simply from the fact that despite all the already supplied and continued information, proper communication is not always achieved. This results in a goodly number of confusions and misunderstandings which must be eliminated.

Thus, the idea of price itself should be specified. We should use the concept of current price or price in current francs and define it as follows: The sum total of outlays either made or due and, therefore, kept in the books until payment has been made to purchase an item means the current price paid for the purchase of this item at its delivery date. This is the price entered in the final receipt.

In the same manner, as to the cost of a program in current francs, the amount of expenditures made and entered in the books, following the final settlement, represents the cost of a program in current francs. Should a program include several materials of the same kind the current price of such materials may change in the course of the implementation of the program.

This concept of price agrees with that of the price of goods used to define the price indicators of the gross national product. It must not

be confused with the concept of estimates. In the case of anything related to estimates related to the armament programs, we undertake a financial evaluation which is, in fact, the anticipated consumption of certain amounts of production factors (hours, kilograms of materials, etc.). In order to be able to add up these amounts, they are expressed in terms of monetary units. However, generally speaking, this type of franc is not a "current franc." The evaluation is based on several economic hypotheses. The cost of each production factor is established for a known date, either previous or similar to the date for which the "estimate" is valid. In general, the use of these factors is reduced by predictable productivity gains for the entire period of the implementation of the program. Under such conditions the number of discounted production factors is inferior to the one which would be factually used had the material been used "within a single day," a day taken as a computation reference point. Some estimates are established without any deduction based on productivity improvements (which, on the computations level, would mean that we have conventionally agreed to consider no gain in productivity).

The result of these rules is that when a number of production factors has been precisely stipulated, the amount of the estimate changes in the course of time in terms of a value of the cost of production factors, successively determined and incorporated in the estimate, rather than in terms of the cost within the gross national product.

Generally speaking, in terms of the economy, it is well known that the increased cost of production factors exceeds that of the price of the goods, the difference between the two being precisely equal to the gain in productivity (for the production factors under consideration), as shown in Diagram 1 for commercial sectors.

The consequence of the considerations expressed above is that the development of the price of armament materials could in no case be characterized through the development of their estimates.

Let us also note a similarity between the estimate for materials and the base prices on the market handling such materials.*

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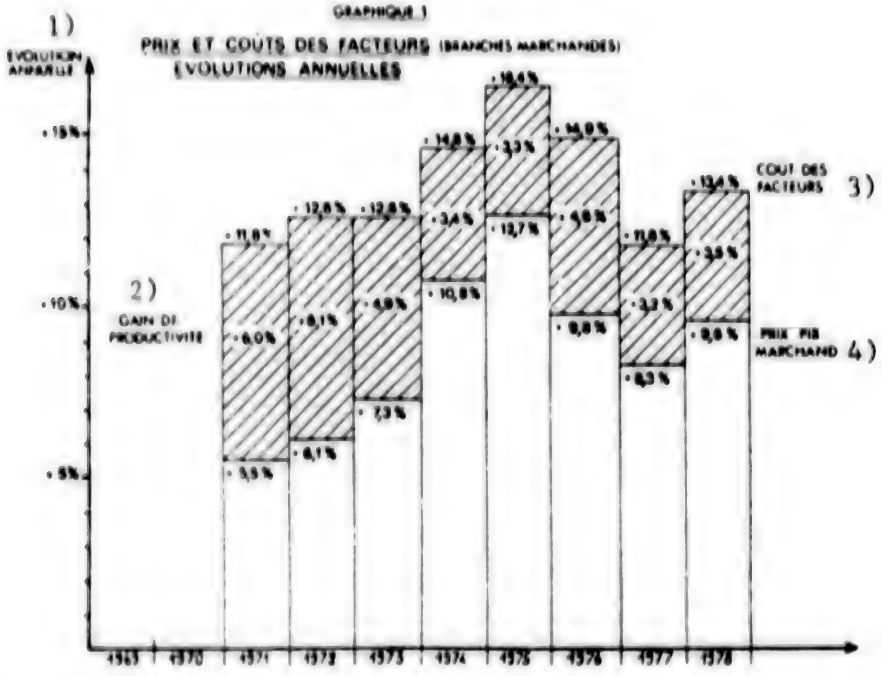
* In the case of a specific market with revisable prices the factual price paid by the client is, in terms of the constant factor of the revision formula, the updating of the base price as the result of the indicators of the cost of production factors. The revision curve of prices at a given market, therefore, follows the curve of the development of the cost of production factors rather than of the price of the GNP. This is entirely consistent, for the industrialist has included in his base price expected productivity gains by the time of the sale. The use of the development of the cost of these factors in the revision formula of a deal cannot be transferred from one deal to another.

Diagram 1. Price and cost of factors (commercial sectors)
Annual development



Key: (1) annual development
(2) productivity gain
(3) cost of factors
(4) commercial price (GNP)

The frequent case of confusing the development of an estimate and of a price leads me to introduce here the notion of allowance, which currently means a variety of economic phenomena but which always claims to express the development difference between the GNP and a value described, rightly or wrongly, according to the case, as the price of armament materials. The word allowance should not be used without specifying the type of phenomenon discussed. This is partially illustrated by the following examples:

- If, as we have just seen, we confuse estimate with price, we would be tempted to describe as allowance in armament prices the difference between the development of GNP prices and of the cost of the factors; this so-called allowance represents, in fact, nothing but productivity gains already considered through anticipation in such estimates;

- An armament product covers only a subtotal of the sum total of production factors considered in the GNP; the development of this subtotal could be different from that of the total, hence an allowance exists in terms of the development of the GNP index due, in this case, to the specific characteristics of the considered armament materials;

- Equally, an armament product is produced only by a subtotal of the different national producers; therefore, the productivity of this subtotal (which, itself, could be broken down into several others) could develop differently from that of the sum total of producers;

- A comparison between two items of the same generation but manufactured at two different times would show that the technical definition of the materials may have developed without, nevertheless, a new material to appear; all other things being equal, the current price of the material would be affected;

- With successive anticipations and the formulation of successive estimates, preceding the beginning of the implementation of the program, would show the existence of a certain "allowance" between the different documents since, within that interval, the definition of the project would have been modified or because better knowledge would have been acquired concerning its implementation conditions, predictable context, etc.;

- There may also be an allowance in comparing the estimates with implementations;

- Finally, let us assume that we consider over a long period of time two materials supposed to perform identical functions; the technical development would be such that the definition of a material with far better performance would be possible and that, in turn, the operational evaluation of combat would be such as to imply the use of this improved technical level; a change of generations has occurred between the two materials; the influence on the price for a given year could be described as genetic allowance.

Analysis of Price Changes

The price changes we discussed were the topic of a recent study whose result I consider important. The study dealt with the change in the prices of materials of the same generation and of prices of materials of successive generations.

As far as same generation materials are concerned, the general armaments authority tried to establish and compute the annual price indicators of armaments. The task was made difficult by the specific characteristics of armament materials (high technical level and, for some, length of production cycle and virtually custom crafted), and the nature of the information systems within which basic cost data are gathered.

Actually, the studies were satisfactory in the area of ground armaments, resulting in the establishment of a true price indicator.

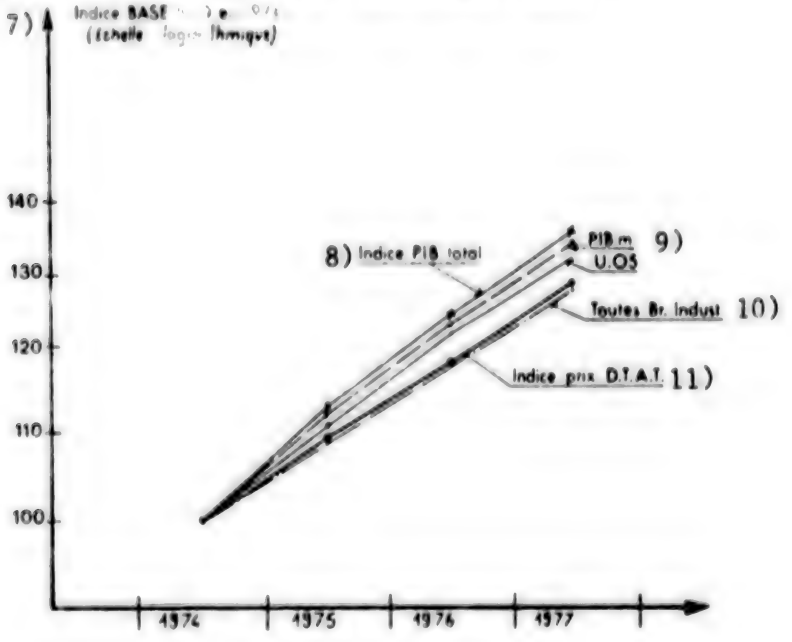
The method followed by the technical office of ground armaments in establishing an overall indicator was inspired by the INSEE [National Institute for Statistical and Economic Research]. Generally speaking, prices of ground armament materials change less rapidly than that of the GNP (current or total) and are substantially similar to those of the sum total of industrial sectors, as shown in Diagram 2.

Diagram 2. Indicator of ground armaments prices and other price indicators

GRAPHIQUE 2

INDICE DES PRIX DES ARMEMENTS TERRESTRES ET AUTRES INDICES DE PRIX

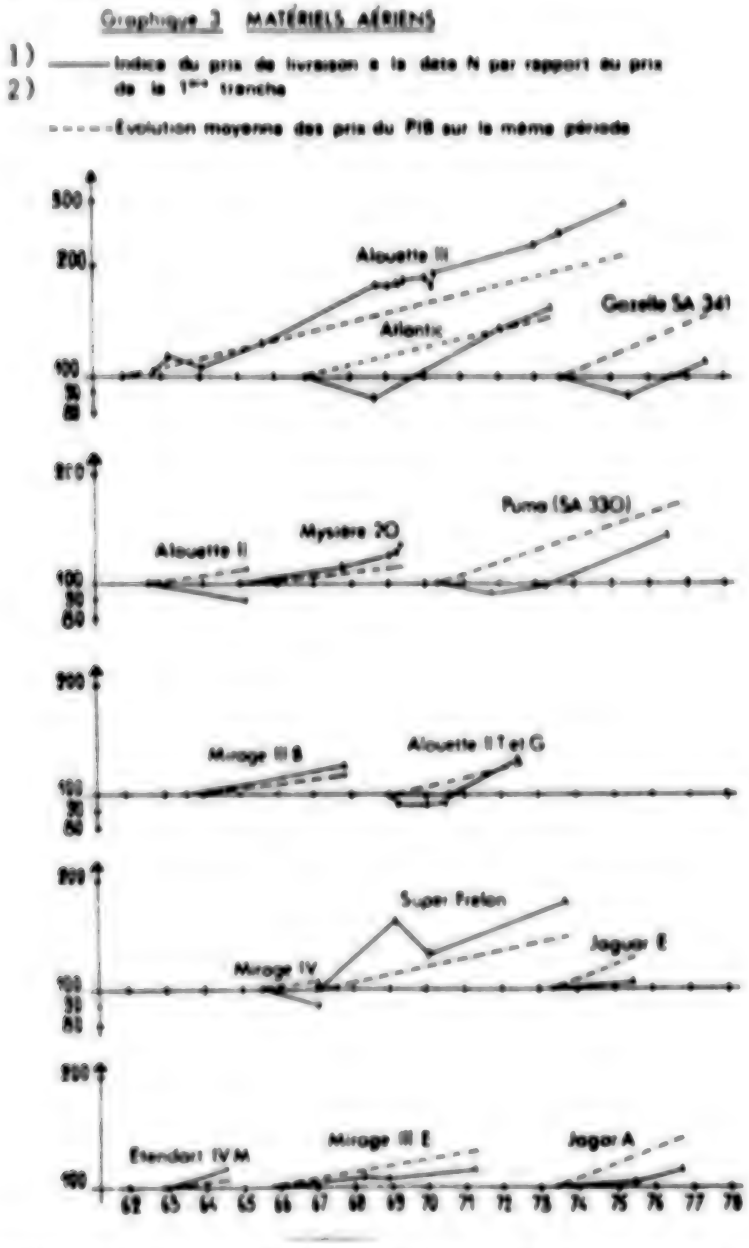
1)	Base 100 en 1974	1974	1975	1976	1977
2)	PIB TOTAL	100	113,2	125,5	135,4
3)	PIB Marchand	100	112,7	123,6	134,0
4)	Bien d'equipement U.05	100	111,2	122,1	132,0
5)	Toutes branches industrielles	100	109,3	117,9	127,4
6)	D.T.A.T	100	109,4	118,4	128,7



Key:
(1) 100 = 1974
(2) total GNP
(3) current GNP
(4) equipment items U.05
(5) all industrial sectors
(6) DTAT [Aeronautical Design Technical Office]
(7) base indicator 100 = 1974 logarithmical scale)
(8) GNP total indicator
(9) GNP current
(10) all industrial sectors
(11) DTAT price indicator

Furthermore, for the totality of the sectors, specific studies were conducted on the essential materials. In the case of ground weapons they were part of the general study we mentioned. In the case of the other sectors whose products are less diversified, the series shorter, and the length of manufacturing cycles longer (ships in particular), an "indicator" being unavailable as of now, specific studies made it possible to establish "indicators" which, even though not having all the advantages of a true indicator are still of unquestionable value.

Diagram 3. Aerospace materials



Key: (1) indicator of delivery price at date N compared with the price of the first section;

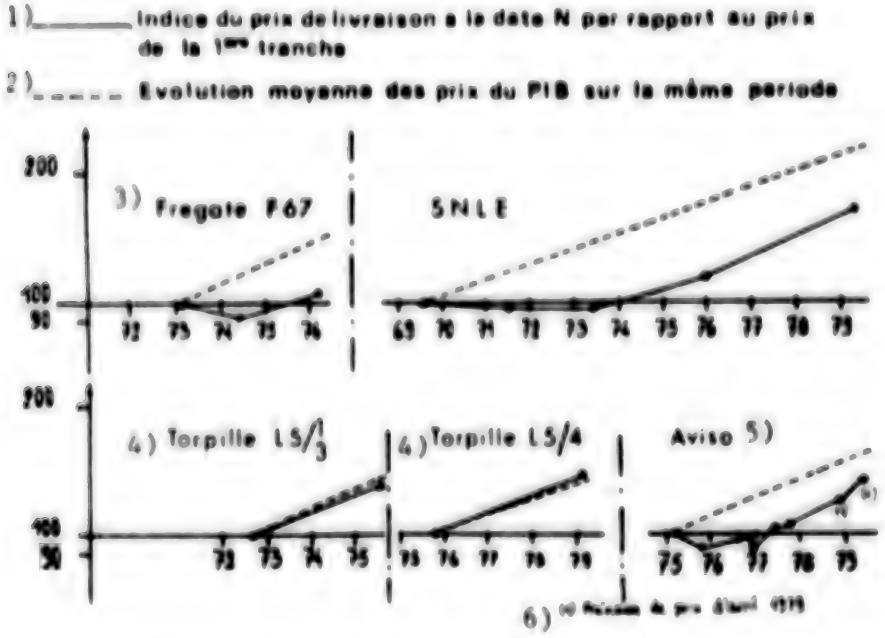
(2) average price changes in the GNP for the same period.

It was thus that in the case of aerospace materials, the Technical Office for Aeronautical Design (DTCA) drew comparisons among aircraft built since 1962.

Diagram 3 provides the delivery unit price indicator for each section for a number of airplanes and helicopters, and for each of them individually. The unit delivery price of the first section equals 100.

Diagram 4. Naval materials

Graphique 4 Matériels Navals



Key: (1) delivery price indicator at date N compared with first section price.

(2) average change in GNP prices over the same period.

(3) Frigate F 67

(4) Torpedo

(5) Torpedo gunboat

(6) anticipated April 1979 price.

Naturally, the materials are of a comparable condition, equipped, ready for flight without spares. The development of this unit price is compared to the average annual development of GNP prices covering the delivery period. The curves indicate that, all in all, the prices of

such materials follow quite closely changes in GNP prices. The table below, which show in figures, a comparison among the average changes of each material shows these results.

MATERIEL 1)	2) Evolution annuelle moyenne du prix du	
	1) Matériel	3) PIB
Etendard IV M	+ 7,4 %	+ 3,9 %
Mirage 'il B	+ 4,8 %	+ 3,5 %
Mirage IV	- 5,8 %	+ 2,9 %
Mirage III E	+ 1,9 %	+ 4,6 %
Jaguar A	+ 3,1 %	+ 10,4 %
Jaguar E	+ 1,1 %	+ 10,2 %
Mystère 20	+ 7,5 %	+ 3,0 %
Atlantic MK1	+ 8,1 %	+ 6,1 %
Alouette III	+ 8,5 %	+ 5,9 %
Alouette II	+ 4,1 %	+ 4,0 %
Super Frelon	+ 7,3 %	+ 6,2 %
Alouette II (T + 6)	+ 7,0 %	+ 6,0 %
Puma SA 330	+ 6,1 %	+ 8,5 %
Gazelle SA 341	+ 2,7 %	+ 10,6 %

Key: (1) material
(2) average annual change in the price of
(3) GNP

As we may see the price variations of materials parallel quite closely the development of GNP prices. We were interested in finding the average. As a result of mathematical computations which I shall not describe, we determined that, all in all, the prices of the aerospace materials we mentioned followed the GNP price (an average annual rise below that of the GNP by about one percent).

Clearly, such computations include approximations and their results should give us no more than guidelines without paying too much attention

to their specific figures. This does not make it any less clear, however, that such results indicate, perhaps in coming across too widely spread false ideas, that prices of aerospace materials of the same type and generation do not change any faster than the price of the GNP.

Similar results apply to naval and ground materials as shown by several examples in Diagrams 4 and 5. Thus, the average annual price increase of the SNLE [Missile Launching Nuclear Submarine] is 5.4 percent, compared with the average annual price increase of the GNP of 8.8 percent. It is 1.6 percent as against 11.2 percent for the frigates, and 7.9 percent as against 10.1 percent for the torpedo boats. For a variety of reasons, there are those who may object to the frigates: Yet, facing comparisons on the second type of ships alone would not substantially change results, since in this case we compare 7.1 percent (ship) against 9.7 percent (GNP) for the SNLE; 6.5 percent versus 11.7 percent for the frigates; and 10.3 percent versus 9.7 percent for the torpedo boats.

As to torpedoes, their price follows very closely that of the GNP: average annual rise of 10.6 percent and 9.8 percent for the L 5, modified 3 and 4 torpedoes, respectively compared with 10.8 percent and 9.7 percent for the GNP.

Examples of ground materials clearly confirm the trend shown by the general indicator of ground armament prices I mentioned. A comparison between the price increases of some materials with the GNP prices may be found in the diagram and chart which follow.

Whether we are dealing with air, naval, or ground structures, not one of these examples was particularly chosen, and work remains to be done to improve the precision of results despite difficulties inherent in the nature of some materials (for example, not all of them could be manufactured in series). The important conclusion, however, which, in all likelihood, will conflict with some beliefs, is that the price of armament materials is certainly not rising faster, in its totality, compared with the GNP price. Statements to the contrary are generally based either on hasty extrapolations based on a specific case or the confusing of notions, particularly between price and estimate.

The problem of the development of prices of materials of successive generations is entirely different. The fast progress of science and technology could allow a potential aggressor to acquire modernized or new armaments at a very past pace, thus making existing stocks obsolete. In order to face this menace under all circumstances, bearing in mind its population, France can have only quality of armaments rather than volume. Naturally, in the same way that France must base the level of its defense on that of its economy, the potential aggressor must include the threat he presents within his economic capacity. Therefore, it may be conceived that a kind of dynamic balance develops between the development of the threat and that of defense. Yet nothing proves that an

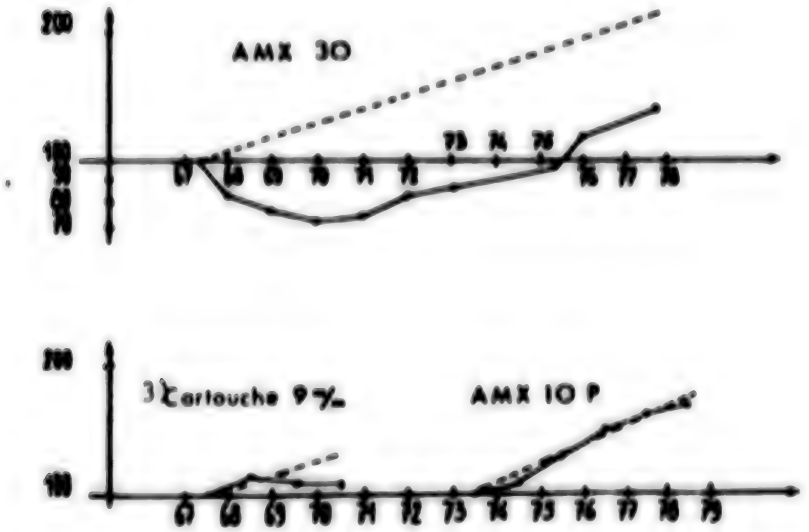
eventual enemy might not at a certain point give priority to his military effort compared with civilian sectors. France, therefore, permanently faces choices in terms of its defense costs.

Diagram 5. Ground materials

Graphique 5 Matériels Terrestres

1) ——— Indice du prix de livraison à la date N par rapport au prix de la 1ère tranche

2) ..... Evolution moyenne des prix du PIB sur la même période



Key: (1) Indicator of delivery price at date N compared with the price of the first section.

(2) Average change of GNP prices over the same period.

(3) 9 mm cartridge

That is why knowledge or, rather, an estimate of the development of prices of materials with each subsequent generation may seem to be basic. The development of a country's gross national product, in terms of volume, is an indicator of the development of its economic capacity. Therefore, it would be quite natural to compare the development of price in current francs of materials of successive generations with that of the GNP in terms of value (volume plus price).

A very detailed study of this nature was made by the DTCA for aerospace materials. Assuming that the cost of combat aircraft is characterized by the price of their unfueled weight, one of the essential conclusions of the study is that the price per kilogram of unfueled weight of combat aircraft follows quite closely the development of the GNP in terms of value; this may be interpreted by saying that changes in generations

take care of the relative growth of resources based on the increased GNP volume.

Material	Average annual price change of	
	Material	GNP
AMX 30	+ 3.9 %	+ 8.0%
AMX 10 P	+ 10.8 %	+ 10.7 %
9 mm cartridges	+ 10.4 %	+ 8.3 %
Milan missile, live	- 0.5 %	+ 10.2 %
Milan missile, blank	+ 1.0 %	+ 10.2 %
Milan launching pad	+ 5.4 %	+ 10.1 %

Diagram 6 shows this result (drawn, in fact, on the basis of the GNP which, however, does not significantly change conclusions) in terms of generations of combat aircraft starting with 1952. To the best of my knowledge, such studies are still in their embryonic stage for other materials. Let us cite as an example the AMX 10 P and the VTT with an AMX 13 chassis, with a 15-year difference between them (1959-1974). Comparison computations indicate that during that interval the GNP developed in terms of volume by a 5.5 percent annual average, and that the additional price for converting from one material to another was 130 percent, or, roughly, an annual average of 5.7 percent.

Equally, converting from the SS 11 to the Milan, a 7.4 price increase occurred from 1965 to 1975, whereas the GNP increased within the same period by a 4.3 percent annual average.

In the same way, we could anticipate that the updating of the AMX 30 (1967) to the AMX 30 B 2 (1981) will show a three percent average annual increase for the period between the two, whereas within the same period the GNP will have shown an annual increase of four percent.

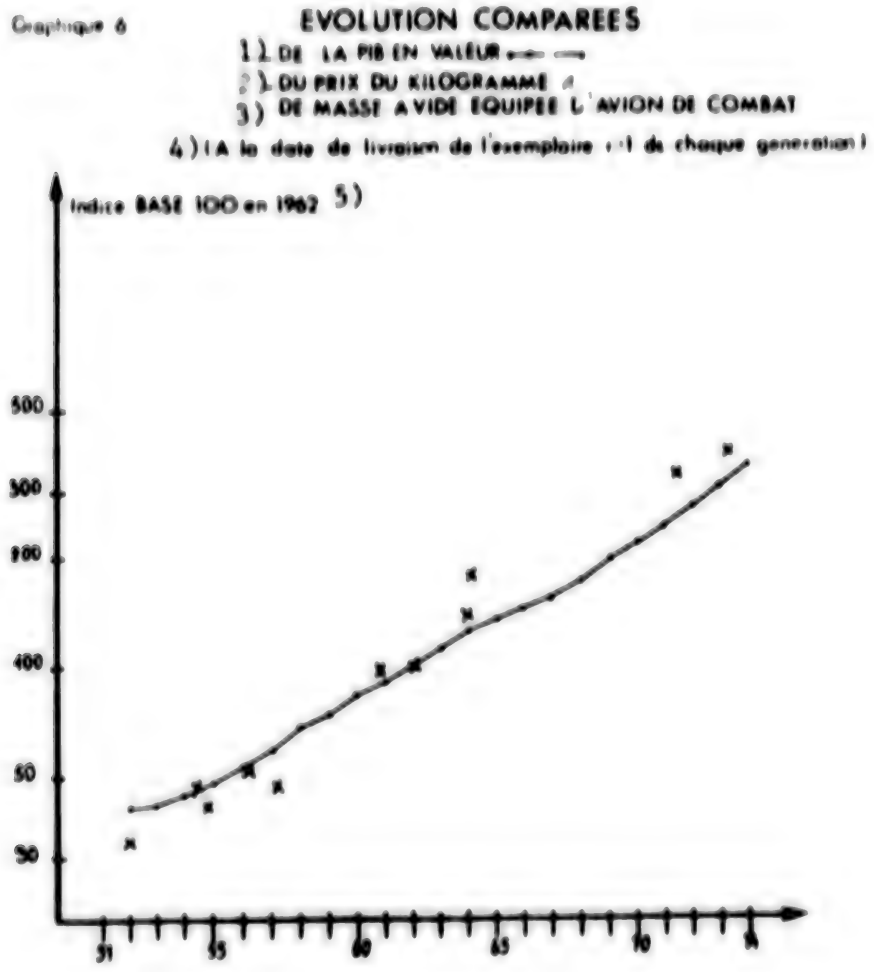
Allow me to draw a few conclusions from the sum total of these facts.

Let me draw attention once again on the need to clearly define the items involved when we speak of price.

This being said, an important distinction must be made between the development of prices of materials of the same generation and of successive generations. In effect, these two phenomena are of different natures and have different implications.

The first is a statement of the situation in the armaments industry in terms of French industry in general. We could firmly claim that the armaments industry (whether arsenals, or national or private industries) does not contribute, any more than any other, to price increases. This

Daigram 6. Compared Developments



Key: (1) Of the GNP in terms of value
(2) Of price per kilogram x
(3) Of unfueled combat aircraft
(4) At date of delivery of sample No 1 of each generation
(5) Base indicator = 100 in 1962

means that equipment appropriations for defense are used for the purpose, which is a reassuring fact concerning the present and the future.

The second phenomenon applies to a far greater extent to the future. Anticipation of the cost of replacing one or another material is an element in preparations for defense in the future. It has been noted that in the past the cost of changing generations roughly corresponded to the development of the GNP volume.

This means that it has been agreed that some of the increased wealth of the nation must go to defense. Naturally, such a result cannot be extrapolated uncautiously. Had the enrichment been lesser, should our materials not have to insure, nevertheless, better performance? Furthermore, in the long term, we must include an anticipation of a future

threat as well as new means of defense and adequate material facilities: the deterrance force was not a new generation of an existing material. Nevertheless, a consideration of the past is very useful: Even though defense policy is not based on the extrapolation of the price of armament materials, considerations of future prices remain, nevertheless, the elements of important choices.

5157
CSO: 3100

INDUSTRIAL USE OF COAL SEEN INCREASING GREATLY

Paris COMBUSTIBLES ET CARBURANTS in French Jul-Aug 80 p 2

[Article based on information from the BIP [?BULLETIN DE L'INDUSTRIE PETROLIERE]: "Details on Return To Use of Coal"]

[Text] At a press conference last Monday, Francois de Wissocq, director general for energy and raw materials, disclosed that some 50 million francs will be spent in France this year in an effort to encourage industry to return to coal, thereby reducing oil consumption. The cabinet had discussed energy policies at its 2 April meeting, so government officials actually furnished little new information at last Monday's press conference. As a matter of fact, Francois de Wissocq and Jean Poulit, director of the Energy Conservation Agency, simply confirmed those energy policies and buttressed them with a few figures.

It was disclosed, for instance, that while overall coal consumption will decline by 1990 because of the growing use of nuclear power, industrial consumption will, nevertheless, increase at the expense of heavy fuel oil. Coal consumption is expected to total 50 million tons in 1990 compared with 52 million tons in 1979. These 50 million tons will include 16 million tons in industry (2.8 million tons in 1979), 15 million tons in iron and steel production (13.3 million tons in 1979), 5 million tons for home use (5.2 million tons in 1979), 1 million tons for miscellaneous purposes (3.2 million tons in 1979), and 13 million tons for the production of electricity, compared with 27.5 million tons in 1979. On the other hand, even though government authorities did concede that there is some slowdown in the conversion to coal of electric power stations designed to burn heavy fuel oil, four power stations are still scheduled for conversion to coal this year, thus "taking away" a total of 3,340 megawatts of electric power from fuel oil.

8041
CSO: 3100

BRIEFS

POLICE FUNDING--To provide the police with more up-to-date and efficient equipment (radio-equipped vehicles, high-speed vehicles) for carrying out their missions, additional funds are expected to be made available soon. A list of what is now available and what is required will be requested from them. [Text] [Paris LE POINT in French 18 Aug 80 p 28]

GENERAL STAFF REPLACEMENT--The three most frequently mentioned names cited as successors to General Lagarde, who has recently decided to step down in October as chief of staff of the ground forces, are Gen Jean Richard, an oldtimer, inspector general of the ground forces; and Gen Bertrand de Montaudouin, currently head of the president's military cabinet; and Gen Jeannou Lacaze, former commandant of the 11th paratroop division who is currently inspector [general] of the infantry. [Text] [Paris LE POINT in French 18 Aug 80 p 28]

MARENCHES SUCCESSION RUMORS--Rumors concerning the successor to SDECE chief Alexandre de Marenches are arising from the differences between the Elysee and the SDECE head with respect to the policy to follow concerning the USSR since the invasion of Afghanistan, de Marenches being in favor of greater firmness being shown toward the USSR and greater Western solidarity. [Text] [Paris LE POINT in French 18 Aug 80 p 28]

CSO: 3100

INSURANCE EXECUTIVE INTERVIEWED ON ECONOMY, PROSPECTS

Athens BUSINESS & FINANCE in English 12 Jul 80 pp 16-17

/Interview with Edward Moore, representative in Greece of Nasco Karaoglan Ltd, in Athens, date not given/

/Text/

Edward Moore is a 32-year old insurance executive now residing in Athens. Having worked initially in London, then in Greece during the Colonel's last two years, Beirut just before its destruction and latterly in Cyprus, it is now one year since his return to Athens and Business & Finance decided to ask him for his professional and personal opinions on his present local environment.

B&F. *Mr. Moore, please tell us first about your business situation here and your Company's background.*

Moore. I am the official representative in Greece of Nasco Karaoglan (Bermuda) Ltd., the holding company of the Nasco Karaoglan Group. This group operates as insurance brokers and underwriting agents around the Mediterranean and in the Middle East and has, since its beginning almost 20 years ago, become a leading insurance organisation in the area.

From Paris, where our Group's headquarters are situated, all its offices and subsidiary companies are administered and all international reinsurance arrangements are effected. With a major office in London dealing primarily with Lloyds' and the London market, an office in Wall Street, New York and in-house insurance companies and holding companies registered in Bermuda, the Group is typical of a modern, international insurance organisation set up to deal with today's problems.

In 1978 is was decided that the Group should complete a gap in its operating area by involving itself in the Greek insurance market and to this end two companies were established. Nasco Karaoglan (Bermuda) Ltd., an off-shore company, was formed to handle liaison matters between London and Paris on the one hand and Middle East countries on the other and was situated in Athens purely for convenience. The second company, Nasco Hellas Ltd., was established specifically to market all branches of domestic insurance locally in Greece, to operate locally as representatives of Lloyds' brokers and to offer the Group's highly experienced international reinsurance marketing capability to the insurance companies.

B&F: *What is the general structure of your company here in Greece?*

Moore: The two companies here are completely different in nature. The off-shore company consists of simply myself and my secretary dealing with non-Greek items of the Group's business which are most usefully handled through this office. Nasco Hellas on the other hand is a Greek company, obviously with a multi-lingual capacity, employing all Greek members of staff in addition to the General Manager, Mr. G. Boustany. These employees include persons with substantial insurance experience in and out of the Greek market and with a complete familiarity with Greek business practices. This company acts as local agent for several Greek insurance companies and also as representatives of Lloyds brokers. Thus the company is able to place its insurance in whatever direction is most appropriate.

B&F: *What areas of insurance is your Group involved in, in the Greek market?*

Moore. In fact we are insurance brokers able to handle enquiries of any nature. In effect this means all branches of insurance except life since life involves substantially different marketing techniques. Whilst saying this we do get involved in Group insurance schemes which may include a life element; for instance we prepared the scheme provided to the Greek Seacaptains Union through

the Astir Insurance company. The scheme was entirely prepared by our Paris reinsurance department and was at the time extremely innovative as far as the Greek market was concerned.

B&F: *How are firms like yours viewed in Greece by the insurance-buying public and by the Greek domestic companies?*

Moore. Greece is not known for its highly insurance-minded public and there is a very prevalent attitude towards insurance which aims all the time to buy only that required by law or at least if not legally compulsory then just simple insurances such as basic fire whilst ignoring other more substantial risks. A typical home-owner's requirements in Greece would be satisfied by a fire and lightning insurance which he could buy from any company at a fixed tariff rate. In Europe a home-owner would shop around and would choose between an array of sophisticated home-owners insurance packages including every conceivable source of loss at prices which might vary considerably. Similarly at a business level All Risks policies for Plant and Equipment or Consequential Loss Insurances both of which are considered to be the back-bone of any major company's protection in Europe would be extremely unusual in Greece and could possibly not even be provided by many of the companies here. So, a company like ours can be something of a surprise to a potential insurer when he finds that he is being offered a choice of products which he really had not thought of. The insurance companies themselves see us locally as another of their local agents perhaps with a little more than average technical capability, and a little more than average potential, but on the reinsurance side they can find in our company's services a standard of responsiveness and expertise not normally available through a locally established organisation. After some initial hesitation our relations with the local companies with whom we do business are excellent.

B&F: ***What are the differences in the system of operation between a firm like yours and Greek firms?***

Moore. First of all an insurance broking operation like ours is not a typical format in the insurance market in Greece. Greek companies tend to have local agents who work exclusively for that one company and may have this insurance activity as simply a part of their other business activities. There are local brokers who act as general agents in Greece for foreign insurance companies but then they tend not to work with the local companies. We have tried to establish a more European type of broking office which the Group has become used to where we have a choice of placing the business we can generate with a range of companies. Of course the other major difference is that we are here as part of a substantial international organisation and this gives us the possibility of behaving in a way that would not be possible if we were looking at the business purely from the point of view of the locally generated income. We have from the same source the availability of sophisticated management techniques due to the uniform systems applied to all offices within the Group, including the requirements of branch offices to report monthly to the central administration on both accounts and production side. This clearly facilitates the training of local staff who might not otherwise be aware of the standards and attitudes of modern management.

B&F: *What is your opinion of the professional working environment in Greece as a foreigner based here?*

Moore: Everybody has heard of the typical problems of working in Greece, such as slow bureaucracy and unresponsive organisations, the problems of credit-control and other local attitudes towards money and competition. But after something more than a year of meeting people here professionally we have found there can exist a high level of cooperative inter-involvement within the insurance business with both other companies and our clients. Generally there seems to be quite a lot

of optimism regarding the future potential of the Greek economy. The Common Market is very important and I am sure that Greece will go through many shocks during the period of transition and entry but the final result will undoubtedly be major modernisation and improvement in the quality of business operations here.

B&F: *What are your views on the personal environment?*

Moore: As a foreigner now familiar with the array of problems of living in Athens it is very easy for me now to find a high quality of life available here. The climate is marvellous and the recreational facilities almost limitless. The social environment is tremendously varied with a very vital international community somewhat Middle East orientated providing as much variety as one needs. I was fortunate to find a place to live in that I enjoy very much and I am really not planning to leave Greece in the near future.

CSO: 4920

PANDELAKIS INTERVIEWED ON BANKING PROBLEMS

Athens BUSINESS & FINANCE in English 26 Jul 80 pp 13, 32

[Interview with Dimitris Pandelakis, general manager of Banque de Paris et des Pays-Bas for Greece, date and place not given]

[Text] BANQUE de Paris et des Pays-Bas (PARIBAS) was formed more than a century ago (1870), when the Bank Paris and the Bank de Pays-Bas were merged. PARIBAS is now the premier private bank in France immediately after the three nationalised ones, i.e. the Bank Nationale de Paris, the Credit Lyonnais, and the Societe Generale.

On 31st December 1979, PARIBAS closed its balance-sheet at approximately 50 billion dollars, excluding all contingent liabilities. Most of its capital belongs to private stockholders, but no one of them owns more than three percent of the total.

Until 1960-65, PARIBAS was purely an investment bank. During this period, however, it gradually started developing parallel commercial activities and spread throughout France and abroad. The beginning of 1980 found PARIBAS established in about 47 countries. It has three major subsidiaries established in Switzerland, Belgium and Holland. It continued its policy of establishing new Branch Offices by opening eight months ago in Spain, three months ago in Milan, and some weeks ago in Cameroons. In two months it will open in Greece, two branches in Athens and Piraeus with full banking services, and very shortly in Nigeria and Taiwan. The stockholders of PARIBAS are bankers and businessmen who have agreed on an aggressive banking policy. The bank does not hesitate in financing long-term investment projects in France and abroad, and at the same time it participates in companies' capital, the latter being possibly one of its goals when operating in Greece.

After deciding to establish in Spain and Italy, PARIBAS found that Greece also offered good prospects for investment. It applied to the authorities for permission to open two Branch Offices. A point which positively influenced this decision was Greece's imminent accession to the EEC. In the event of Greece not entering the Community, a decision would probably have been taken in the light of the altered situation.

When operating in Greece, the bank aims to handle large clients, and it would be more than eager to examine applications for long-term loans, and even the possibility of its participation in a company's capital. The bank might contribute to various sectors such as industry in Athens and shipping in Piraeus. Shipping offers investment of at least quasi long-run character.

Large construction companies undertaking projects abroad present another area for investment. Greek industry and the export sector can also be financed with long-term loans. One 20 million dollar loan has already been granted, and four or five others are under examination. The bank does not plan to extend its activities into the commercial and agricultural sectors, at least for the time being. However, industrial agriculture is a sector which might be financed. PARIBAS is currently examining a project related to this area.

PARIBAS has very strong ties with companies belonging to various sectors of the French economy. It participates in their administrative meetings, contributes to their capital, and provides them with long-term loans. It could help in assisting 'marriages' between Greek and French companies in all economic sectors, and at the same time bring to Greece not only capital but technical know-how as well. Many joint ventures could be facilitated in the hotel or any other industry, and the Bank would also participate in the company's capital in terms of a five or ten percent share. Most commercial banks rarely do this.

CSO: 4920

General banking problems in Greece

Bureaucracy is one of the major disadvantages of the Greek banking system. It is well known that there are people who actually live off bureaucracy, insisting that only a certain strategy is correct and that any other course of action would be catastrophic. Bureaucracy does of course exist in other European countries as well. Banks, however, would certainly benefit if some particularly hide-bound bureaucrats were employed in other occupations.

The role of foreign banks in Greece

Foreign banks in Greece must limit their activities and work in a way which complements, but does not compete with, Greek banks. Their goals should be that of long-term investment and of bringing to Greece their acquaintances from abroad to further the progress of the Greek economy.

The development of foreign banks will remain approximately the same after Greece's accession to the EEC. Foreign banks today cover fifteen percent of banking activity in the market. This may increase to a maximum of 25% in 1990. This, however, is a usual percentage which exists in other countries as well. Foreign banks though must not pursue retail banking, which is an activity which should be confined to the country of their origin. In Greece it thus remains the job of Greek banks.

BANKING CORPORATION CONNECTIONS REPORTED

Athens BUSINESS & FINANCE in English 26 Jul 80 p 31

[Text]

The Arab Banking Corporation, established in Bahrain, January 1980, to be operational by the last quarter of this year has a direct relationship to the Arab-Hellenic Bank SA here in Athens as they have Libyan and Kuwaiti shareholders in common. The Arab-Helleic Bank, SA will eventually have access to large-scale backing (loan-participation, etc.) by ABC.

The Chairman of ABC, Mr. Abdul Wahab Al-Tamarr, and Chief Executive, Mr. Abdullah Saudi, were in Athens in March for the inauguration of the Arab-Hellenic Bank, SA at Panepistimiou, 43, of which Mr. Antoine Paseau is General Manager.

The ABC possesses capital of $ 1 billion (authorized), with $ 666 million subscribed and $ 333 million paid in, which places it in the "Super-Bank" category. ABC will be involved in all aspects of wholesale commercial banking with loan syndication and investment banking targeted as important areas to be developed.

The creation of ABC is a result of Arab bankers' desire to be more involved with the recycling of the new surplus oil revenues than they were after 1973/74. This increased concern with finding new ways of using the rapidly accumulating funds of the Organization of Petroleum Exporting Countries (OPEC) emerged in June at two international conferences on OPEC recycling. At the moment, OPEC government bodies are not interested in assuming a greater share in the recycling process than Arab funds and develpment banks are assuming to date.In other words, despite capital reinforcement of Arab-backed banks - substantial Arab official deposits will not be forthcoming immediately.

Currently, while total syndicated Eurocredits amount to several hundred billion dollars, Arab banks account for no more than $ 15 bn - $ 20 bn of Euromarket syndicated lending. Nevertheless an interconnected Arab banking, finance, and investment system is

being established and syndication management will increase. For instance, the ABC has been taking participations at a rate which will greatly enhance its role in the market in the near future.

Despite the increased Arab injection of capital into international banks, Arab countries themselves are not being exposed to the risks involved in the recycling of petrodollars. Eventually, however, they will have the international financial infrastructure to do so. Perhaps they will even be pressured into taking steps in that direction as the established Western multinationals are increasingly uncomfortable with those same risks - especially as compensation is not always commensurate. *

CSO: 4920

INDIAN INDUSTRIAL DELEGATION DISCUSSES TRADE RELATIONS

Athens BUSINESS & FINANCE in English 12 Jul 80 p 8

[Text]

THE Federation of Indian Chambers of Commerce has sent an Industrial Delegation to selected European countries. Before returning to India on the 16th July members will have visited Cyprus, Greece, Belgium, the Netherlands and the UK. The delegation arrived in Athens on the 1st of this month and stayed for four day, talking with both Greek government Ministers and private entrepreneurs. Business & Finance attended a reception given by the President and Mrs. K.N. Modi at the residence of Indian Ambassador Rangarajan on 3rd July. The following article is based on remarks made by Mr. Modi at the reception and at a short interview with B&F the following day

The Indian Industrial Delegation had four main objectives in Greece. These were as follows

- establishing and identifying contacts with Greek business enterprises and commercial organisations.
- identifying the scope of two-way trade expansion
- identifying areas of joint ventures and other forms of bilateral collaboration
- exploring the possibilities of joint efforts in other countries.

Greece and India are, like many other countries, facing difficulties at present due to the changing nature of the world economy brought about by the oil crisis, changes which have had a detrimental effect on investment on an international scale. In the problematic years ahead it is natural that countries such as India and Greece should move towards closer economic cooperation for their mutual benefit.

The delegation which visited Greece this month is acting as a catalyst in bringing together the governments and private business sectors of the two countries.

Delegation President Mr. K.N. Modi, whilst extremely pleased with his party's reception in Greece and optimistic about closer cooperation in the future, nevertheless had several suggestions for the improvement of trade relations between Greece and India which he outlined to Business & Finance.

Firstly, Mr. Modi feels that the Greek government should reconsider the present annual repatriation of capital and remittances of profits, as they constitute a disincentive to foreign investment here*. Instead, he feels a more flexible approach — one which

examines each case individually — would be more favourable and would help increase foreign investment here.

Furthermore, he stressed that the Greek government should take into consideration the high risk level and lack of profitability of any new venture in its first few years. Bigger incentives, not an increased number of constraints and restrictions, should thus be offered to the potential foreign investor.

Mr. Modi was particularly enthusiastic about the possible participation of Greek partners in joint ventures with Indian firms. In this way authentic mutual benefit to Greece and India might be achieved, he said, and this had been a major theme in all the delegation's activities.

To this effect he is hopeful that a Greek delegation will travel to India in the not-too-distant future to investigate the opportunities for further economic cooperation there. Mr. Modi again stressed the hospitality and helpfulness of the Greek government Ministers and businessmen with whom he and the other delegation members had talked during their stay here. The Indian perspective on enterprise, he concluded, was one which saw value not only in the generation of financial wealth, but also in the extension and consolidation of warm personal relationships.

**DL 2687/53 provides for repatriation of imported capital (up to 10% annually) and remittance abroad of A. profits up to 12% per annum on the unrepatriated portion of imported equity capital, or B. interest up to 10% per annum on loan capital.*

CSO: 4920

CAMPION SCHOOL ACQUIRES NEW HEADMASTER

Athens THE ATHENIAN in English Aug 80 p 29

/Text/

WHEN Thomas Howarth arrived at the Athens airport in the blistering sunshine, he was carrying the emblem of every British tutor, a large black umbrella. "I know I shan't need it here," he laughed, "but I will when I get off the plane on my return to England." Mr. Howarth, since 1973, has been at Magdalene College, Cambridge University where he has been Senior Tutor and Tutor of Admissions. In the fall, however, he will move to Athens as the new Headmaster of the Campion School.

Any academic community is eager to have a first-class educator introduced in its midst. But in Greece where foreign schools operate at enormous distances from their homebase, an educator with Howarth's talents and experience is all the more appreciated.

A man of trim build and great energy he says he has a traditional outlook towards education. "I am a great believer in the concept of the old-fashioned British grammar school – with much that it implies – selectivity, intellectually homogeneous classrooms, or what Americans call tracking. I also feel that children should work to their maximum, because they are happier when they are fulfilling their potential."

In a sense, Howarth himself is a model representative of the student he would like to mold at Campion. An athlete, he has a special interest in squash rackets and lawn tennis, having achieved county status in the latter. He was educated at Rugby and went to Cambridge where he excelled, placing First Class in both parts of the History Tripos. He later received a Masters Degree at the same university. A trained historian, he is the author of three books; the latest, *Cambridge Between Two Wars*, is a compelling study of the University and the brilliant but sometimes destructive men who reached manhood on that campus. He is the author of numerous articles on education, having been the fortnightly columnist for *The Times Educational Supplement*. During World War II he entered the army at the beginning in 1939 as a private, peeling potatoes, and later earned a commission. He fought

in the whole northwestern European campaign and became Field Marshal Montgomery's personal liaison officer. When Montgomery drove into liberated Paris, young Howarth was seated beside him. "That was the most fascinating experience of my life," he recalls. "Montgomery was a great leader. Of course, my association with him made a big impression on me, but probably his only *modus operandi* that I have adopted is his use of terse communication on administrative matters. I like to get right to the point, in as few words as possible."

Socially, Howarth is anything but terse. Conversational and full of humor, he has a way of lightening a heavy moment with a quip or a word of encouragement.

He was attracted to Campion School because of the high quality of faculty and student body. "I am aware of the school's current problems but I believe I can be of special value to Campion at this moment."

Howarth should understand quality when he sees it, since he has had a long career with the best secondary schools of England. He started his career by teaching at Winchester, became headmaster at King Edward's School, Birmingham, at thirty-four--a young age in England to attain that rank. In 1962 he became headmaster of one of England's oldest and most esteemed schools, St. Paul's, London, planning and supervising the moving of St. Paul's to its new location across the Thames. He remained at that institution until 1973 when he moved to Cambridge.

He is enthusiastic about chucking his umbrella for sun-drenched Greece. "Being an historian, I am drawn to Greece and am most happy for the opportunity to be at Campion. I am particularly interested in the development of the Greek Civilization Program there and in moving it to a pleasant, efficient campus which Campion now lacks at our present facilities in Palio Psychicho."

The Campion School, whose student body is international, has an enrollment of about 1400 students. Although it has a basically British preparatory system for the GCE and A and O Levels, it also offers an American track where students can prepare for SAT's and American universities. It was founded in 1970 by Betsy and Thomas Campion Shortell, and Mr. Shortell is president of the board. The school has maintained a high academic rating since its founding.

CSO: 4920

'NEW STRATEGY' OF PCI DESCRIBED

PCI and the Unions

Milan PANORAMA in Italian 28 Jul 80 p 39

[Interview with Fernando Di Giulio, chairman of Communist deputies, by Pasquale Nonno; date and place of interview not given]

[Text] The Communists' attack on the union's attitude toward the government's economic decrees is an accurate sign. The PCI is changing its battle plan. Di Giulio explains how to PANORAMA.

The PCI's battle against the Cossiga government's economic decrees has brought about a surprising opposition between the Communists and the union. Is this an isolated incident, a transitory phenomenon? Maybe. More likely, it is the beginning of a different relationship between the majority of the working class and the labor movement.

What is pushing the PCI, and toward what objectives? PANORAMA asked Fernando Di Giulio, chairman of Communist deputies.

[Question] With a strong arm in the factories, it looks like the PCI is out to weaken the union.

[Answer] Not true. We are concerned that the relationship between the union leadership and the workers may be weakened. We warned that internal consensus on the economic measures was thin and asked for a real debate among the workers, not mere ratification.

[Question] This debate made things difficult for the union.

[Answer] Crowded assemblies of debating workers are a sign of vitality. The real danger is in unattended meetings and the silent indifference of organizations.

[Question] The PCI is just now discovering the importance of assemblyism.

[Answer] Debate in the assemblies is an essential element of union life. There was and is concern about those assemblies that are reduced to a dialogue between the leaders and a few radical workers and where the majority does not risk expressing its will fully.

[Question] Could the union be a kind of paper tiger without real leadership capacity?

[Answer] The union has been and is a great force because it is based on a broad consensus, especially in industry, among agricultural wage earners and in some service sectors. Its future depends on the defense and increase in the consensus that is won day by day in interaction with the workers. Nobody can live off the heritage of the past.

[Question] Does this turn of events confirm the PCI's criticism of a lack of democracy in the union?

[Answer] Undoubtedly the negative reaction of recent days is due to a negative judgment on what has happened. But it is also the sign of a more general disaffection. I think many workers and even activists feel they have not succeeded in having their opinions heard and that they are up against a solution decided upon without them. I must say that the issue concerns not only the union but the whole democratic life of the country.

[Question] Did it also concern the PCI, when it did not push for the easiest and most popular solutions?

[Answer] Of course it also concerns the PCI. But it is not a matter of easy solutions. We can seek consensus on the basis of unpopular positions provided our motives are valid. When motives are unclear and appear possibly ambiguous and deceptive, then rejection follows.

[Question] Does the PCI want to resume tasks in the factories that it has so far left to the union?

[Answer] The union makes the contracts. But there are consequences in doing so that a large party cannot fail to have an opinion on. Parliament makes laws and sets the general political direction. But it is absurd to think that on many issues the union would not have an opinion or exert influence or take action. The issue of different roles for the party and union cannot be resolved by a bureaucratic separation of responsibilities.

[Question] But in this situation of conflict, the activist who is a card-carrying member of the PCI and the CGIL [Italian General Confederation of Labor] is liable to have a strange split personality.

[Answer] If the union makes an operative decision, e.g. a strike, there is a demand for discipline. And no interference is possible. But it is another matter when it comes to setting directions. There are many centers for groupings and political values and, therefore, actions. The union, the PCI, other parties, and press organizations are separate personalities.

[Question] Concerning the fund to be formed with the 0.5 percent deduction, do you think the sole guarantee can be given the government by the PCI?

[Answer] The union does not deny that the real problem of the guarantee for the workers is the nature of the government. The guarantee of the direct presence of workers and the union in instruments of intervention in economic life can be an additional guarantee. The real problem is whether or not a government will give its assent. This government hasn't.

[Question] When the center left was being formed, the PCI was concerned with preserving unity between socialists and communists in the CGIL and took many precautions. Now, however, you are unleashing a dispute that may divide the union.

[Answer] We still have this concern. But conditions are rather different. You can't say nothing has happened in the last 15 years. The center left explicitly proposed breaking up the workers' movement; there was a division among the union confederations. Now there is a higher level of unity in the union (and not only among Communists and Socialists). The unifying factors between the PCI and the PSI [Italian Socialist Party] are much greater than they were, and I hope that despite various parliamentary associations there will be no obstacle to agreement and that it will be possible to extend it to both local government and social organizations.

PCI and Democratic Dialogue

Milian PANORAMA in Italian 28 Jul 80 p 40

[Article by Francesco Gui: "This Rose Tells Me Something"]

> [Text] The Communists are finding out that there is something to be learned from the radical breakaway strategy. More direct dialogue with the people, more direct democracy and, why not, even a few referendums.

The recourse to referendums is strongly encouraged by grassroots associationism to contain the extraordinary power that the parties have over society. This is a turning point in the relationship between civil society and the Communist Party, which has traditionally been suspicious of spontaneous movements.

The signal for the start of the new Communist strategy was a short but meaty article in L'UNITA on 1 July titled "Society is Changing. How About the Institutions?" The author was a prestigious jurist, Luigi Berlinguer, a cousin of the Communist secretary, university lecturer, and editor of DEMOCRAZIA E DIRITTO, the PCI law journal.

Luigi Berlinguer's article was then followed by an intense and learned debate. Then on 9 July, at a meeting in PCI headquarters, Berlinguer's proposals, which had already met with the approval of the party leader, obtained the open support of the Communist leadership. "Aldo Tortorella, Ugo Pecchioli, Ugo Spagnoli, and Pietro Ingrao, though with some marginal objections, gave

their assent," said Berlinguer with obvious satisfaction.

The starting point of the strategy outlined by the communist jurist is the rather bitter consideration of the effort made in recent years, in both theory and practical politics, to further the PCI's penetration into Italian society.

"Certain aspects of our growth have been insufficient; there is need of enrichment, and horizons need to be expanded," Berlinguer says. "We are too caught up in the world of parties, parliament, and other, local elective bodies. These institutions are, of course, the pillars of public life. But we should adopt a strategy that also includes the other sectors of civil society, a society that is becoming more involved and complex every day and that refuses to channel all its demands through the parties."

Only in that way will it be possible, according to Berlinguer, to respond to the demands from society and assure the PCI support large enough to shift the balance of power and weaken the moderate parties, including the PSI.

Two objectives in particular are deemed essential to the new PCI strategy: public administration reform, especially in its relationship to the citizenry, and increased means of grassroots participation. To accomplish this, Berlinguer has a whole series of specific proposals in mind. Concerning bureaucracy, for instance, he would introduce the principle of accountability of public functionaries to the public as well as to political authorities. "If the trains don't leave on time or the educational administration doesn't function, the people don't know whom to turn to to defend their rights. The only answer is the vote, but elections may be three or four years away," Berlinguer said.

Much more bold and "creative" are Berlinguer's suggestions for participation, an area in which the PCI has met with many disappointments in recent years. "The tendency to control and regulate every grassroots activity uniformly from above is a mistake," Berlinguer continued. "Ample room should be made for self-management experiments and social initiatives by groups of citizens. The idea is to favor, for example, the participation of women in management consulting, or to involve ecology associations in establishing natural parks."

But most surprising and explosive is Berlinguer's proposal to hold, if necessary, referendums at all levels: national, regional, and local. Berlinguer is not now in a position to say what a referendum would concern, but he has very precise ideas that might alarm opposing parties. The communist scholar is convinced that the referendum should be not only binding but, at the local level, could serve as an instrument of consultation concerning the will of the mass classes.

"Let's refer to current events and think of the workers' reaction to the government's economic measures. They cannot now express themselves directly because they must go through their union representatives. Things would change, especially if the workers were consulted by referendum, Berlinguer

threatened. According to the communist jurist, this is the correct use of the referendum. "This is quite the opposite of Benvenuto, who is the author of radical referendums but unwilling to let the workers speak out against the government."

More generally, the referendum is considered by the communists as a means of passing progressive legislation, like that on divorce, which united the whole left against the DC [Christian Democratic Party] in 1974. Berlinguer even advises against preconceived opposition to referendums promoted by radicals. "Some might be supported when parliament did not approve satisfactory laws," he said.

It is the conviction of Luigi Berlinguer and of many Communist leaders that the new strategy will enable the party to achieve what it has failed to all these years: a revolutionary transformation of society. "Revolutionary, yes, but without upheavals," he explained. "The people want change but fear instability and disorder."

8782
CSO: 3104

LABOR PARTY UNEASY OVER LEADERSHIP

Oslow AFTENPOSTEN in Norwegian 30 Jul 80 p 2

[EDitorial: "Reiulf Steen's Announcement"]

[Text] With considerable wonder we read in certain press organs that Reiulf Steen's announcement to the effect that he will be a candidate for reelection as chairman of the Labor Party at the party's national congress in 1981. This is said to have cleared the air in the sense that the question of the chairmanship must be regarded as settled. A political commentator of the Oslo press writes that it is a matter of a "political master stroke by Reiulf Steen," and the Labor Party's well known cultural personality, pianist and writer Kjell Baekkelund, asserts without reservations that Steen will be reelected. Several newspapers give the impression Reiulf Steen's clarification of his attitude toward the chairmanship has removed all doubt and created a completely new situation as concerns the coming election in our largest political party.

It is of course not quite that simple, however. To a considerable degree, the Labor Party has a leadership problem. The quarrel last winter, caused by Tor Aspengren's angry letter to the central board, is only one of many proofs of lasting dissatisfaction with the way in which the Labor Party is lead. And this is, be it noted, the result of both political and personal relations.

That subsquently there was relative quiet concerning the leadership question cannot hide the fact that many quarters in the Labor Party are seriously concerned about the party's ability to meet the problems and challenges of the 1980's in a way that to some degree breaks with old ideas. This places demands upon the party, primarily upon its policies, but the fact cannot be gotten around that election of persons and the party's leadership structure must be a matter of very careful assessment. Interviews with several of the party's foreground figures, among them Storting President Guttorm Hansen andpparty vice chairman Gro Harlem Brundtland, published by ARBEIDERBLADET, show very plainly that the Labor Party is faced with problems that cannot be swept under the rug. It is in the nature of the matter that

the solutions sought must be based on the sum of experience gained since the present party leadership was elected at the 1973 congress.

An opinion poll published by AFTENPOSTEN at the end of June showed that the Labor Party's present chairman holds a sensationally weak position among the party's voters. We agree with ARBEIDERBLADET that this in itself is inadequate for drawing conclusions. But neither should it be overlooked that the outcome of the poll, so strongly in Reiulf Steen's disfavor, is symptomatic of at least one side of the Labor Party's leadership problem.

11,256
CSO: 3108

PROPOSED PSD CONSTITUTIONAL CHANGES CURTAIL PRESIDENT'S POWER

Lisbon A TARDE in Portuguese 4 Aug 80 pp 3, 11

[Article by Jorge Nuno Oliveira: "President of the Republic Will Not Be Able To Dismiss Prime Minister"]

[Text] Today, A TARDE is publishing at firsthand the proposal for altering the draft of the constitutional revision submitted in January 1979 by Francisco Sa Carneiro and that may become the proposal for a revision of the Democratic Alliance submitted by PSD [Social Democratic Party].

The most significant change introduced, with regard to Sa Carneiro's text, concerns withdrawal from the President of the Republic of the power to dismiss the Prime Minister, whose government will become exclusively responsible to the Assembly of the Republic.

The remaining changes worthy of special emphasis are elimination of the Council of the Republic and of the figures of the Ministers of the Republic, commitment to a Constitutional Court of supervision of the constitutionality of ordinary decrees and systematization of the various titles of the Constitution.

If the Assembly of the Republic, elected on 5 October, approves the draft of the constitutional revision of the present prime minister, with the alterations introduced by Pedro Santana Lopes, the president of the republic will cease having the power to dismiss the head of the executive branch whose responsibility is committed exclusively to the Assembly of the Republic.

This is the most important change introduced in the draft of revision of the Constitution published in January 1979 by Francisco Sa Carneiro, under the title of "A Constitution for the 1980's -- A Contribution to a Revision Draft" (Don Quixote Publications, 1979).

The alterations introduced were submitted by Pedro Santana Lopes and Francisco Sa Carneiro, Diogo Freitas do Amaral, Goncalo Ribeiro Telles and Antonio Soares Carneiro, who supported their content in general.

This week, the alterations will be submitted to the PSD and will be discussed with the other parties in the Democratic Alliance. They may be adopted as an AD [Democratic Alliance] draft with regard to a revision of the Constitution to be submitted to the next Assembly of the Republic, which will have constituent powers.

Power of Dismissal Is Disturbing and Unsuitable

The most important change in Sa Carneiro's draft, prepared in collaboration with Marcelo Rebelo de Sousa and Margarida Salema, is justified in the introduction to the final draft by Santana Lopes by the fact that granting the power to dismiss the prime minister to the president of the republic "is always taken as cause for disturbance in the functioning of the political regime. In situations of parliamentary majority, it can only be regarded as despicable or disturbing; when this majority does not exist--the situation in which in theory this provision was expected to be most useful--existing experience in the use of that power has proved to be negative, because it also is disturbing. We might even state that this power is not unsuitable only when it is not used."

This constitutional innovation will bring about a "greater stability and greater clarity in the functioning of institutions. The exclusive responsibility of the Assembly of the Republic for possible wholesale dismissals of governments will help, we are sure, to make progress on the course that, for some time now, we have been trying to follow: the course of providing Portugal with a stable, uniform majority, not subject to constant fluctuations, resulting, in part, from flaws in the established rules of the game."

It is pointed out, however, that only one Western constitution grants the president of the republic power to dismiss the prime minister (the Austrian Constitution), but that power is not used. On the other hand, in France, where that power does not exist, the president of the Republic uses it in constitutional practice.

Ministers of the Republic Eliminated

The remaining changes (and when we say changes we are referring to the changes in the revision draft proposed by Sa Carneiro) concern elimination of the figure of Ministers of the Republic, whose functions are transferred to the president of regional government, representing the region and the republic, and to a delegate appointed by the government who will head the state's administration in the region and will ensure its coordination with the administration of the region.

This alteration is owing to the protest of which the figures of Minister of the Republic have been a target, in addition to the fact that "other regional countries, like Spain and Italy, do not grant the delegate of the central authority more than mere administrative duties.

"Added to these factors, we must state that the maturity generally demonstrated by the regional institutions and the persons in charge of them in carrying out the process of autonomy also makes the course proposed by us advisable. Only those administrative powers that were assigned to the Ministers of the Republic will be assigned to the delegate of the government."

Economic Organization After Political Authority

From a formal point of view, the most significant alteration was the placing of provisions pertaining to organization of the political authority chronologically ahead of the economic constitution, which comes after them.

In fact, defense of the subordination of economic matters to political matters is incompatible with putting provisions governing economic activity ahead of those provisions determining the structure and functioning of political authority, consecrated in the text of the present Constitution and in Sa Carneiro's revision draft.

In the assumption of a greater simplification of concepts and a less exhaustive determination of economic models, this alteration depends on the "removal of ideologization from the constitutional text."

The Sa Carneiro draft, the note by Santana Lopes adds, "incurred, in order to remove the Marxist and collectivist burden with which those principles were imbued, the error of concerning itself excessively with introducing principles peculiar to social democrat ideology.

"In our opinion, it is not right. A democratic constitution does not have to impose economic models, regardless of their ideological orientation."

Incorporation in the EEC in the Constitutional Text

"We cannot continue, platonically and wrongly (as Pitta e Cunha says) to try to harmonize the democratic principle with the predetermination of a specific model of society, with express rejection of alternatives."

Santana Lopes, who continues to quote from Pitta e Cunha, states that "a revision of the Constitution is absolutely necessary, in order to make it compatible with the logic of the market-oriented system, which is the same logic governing incorporation in the EEC."

With regard to the financial and taxation system, an attempt is made "to guarantee individual taxation of members of the family group and to eliminate taxation of the family."

"Pocket Veto" Disappears

Also with regard to the figure of the president of the Republic, the changes introduced in the draft constitutional revision tend toward removing specific powers that have no parallel in comparative law.

The president of the Republic ceases to have the power to use the presidential veto, "because it is not very proper for him to keep it in a regime in which the government is not politically under the president of the Republic."

On the other hand, his term in office is reduced from 7 to 5 years, because, "in a country with a democratic system still being consolidated, with unfortunate experiences with regard to the presidents that it has had and with the prospect, almost the certainty, that we shall continue to have prominent persons who will ally the force of democratic legitimacy to the force of other kinds of legitimacy, there is no apparent advantage in lengthening the president's term in office to a period almost equal to the term of two legislatures."

In turn, power to set the date for presidential elections will become incumbent on the government, in order to "prevent the office holder himself from setting the date for election to that same office. In addition to the fact that this kind of solution violates democatic ethics, it would be especially undesirable in case the president of the Republic in office becomes a candidate for reelection."

Dedogmatization of the Constitution

Preparation of the alterations now proposed was owing to the need for going more deeply into the principles governing the draft revision of the Constitution submitted over a year ago by Francisco Sa Carneiro.

Those principles would be, in particular, search for a Constitution uniting and not dividing the Portuguese people, determination of formulas that have a parallel in terms of comparative law, dedogmatization of the Constitution, clarification of the political regime and of its organization, elimination of "economic programs" and preparation of European constitution for a European Portugal.

In summary, the principal alterations introduced in this document unpublished up to now, are "modification of the systematization of the text," because it is a fact that the order in which the various subject matter is arranged is a source of interpretation of the basic principles inspiring a constitution; "neutralization of the language of the constitution," by eliminating some traces that still remain and that are more characteristic of a Marxist or collectivist point of view; greater detail with regard to the autonomous regions; downgrading of the plan in the economic constitution, by making provision now for a plan that will surely continue to be prepared but with elimination of provisions that attempted to make it come a fundamental principle in the organization of economic activity,

especially those provisions pertaining to the need for medium-term and long-term planning to which all eventual future governments would be obliged to submit.

Simplification of the Content of the Economic Constitution

In a rapid recapitulation of the remaining modifications introduced, we shall go on to report the following:

"Clarification of the principles governing international relations; creation of a specific article pertaining to the effects of the process of integration into Europe; simplification of the content of economic, social and cultural rights and duties, removing everything peculiar to government programs to be approved by the Assembly of the Republic; changes in the pretrial activity in criminal proceedings for the purpose of attempting to alleviate difficulties caused by assigning the entire pretrial proceedings to a judge; turning over to a law determination by the Assembly of the Republic of formulas for supervision of the state-owned mass media organs; elimination of the Council of the Republic, a body for which only consultative functions were proposed and whose existence we regard as degrading; elimination of references to state support of self-management experiments; elimination of the treatment of workers committees in the Constitution and turning over to a law the possibility of their establishment; elimination of the need for labor union associations to participate in the organization of a social security plan; simplification of the general principles of organization of public authority; reduction of the term of office of the resident of the Republic to 5 years; removal from the president of the Republic of the powers to set the date for deputy elections (and their assignment to the goverment); assignment to the government of the power to initiate a referendum on issues of outstanding national concern; elimination of the veto right of the president of the Republic in connection with decrees of the Assembly of the Republic and of the government; decrease to an absolute majority of the number of deputies required for deliberation on the possible submission of any law to a referendum, with the exception of laws dealing with taxation; assignment to the government of power to establish and carry out the national defense policy and not only to guide it; change in the designation Higher Council of the Magistracy to Higher Judiciary Council, because magistracy is also under the public prosecutor's office; elimination of the Consultative Commission for the autonomous regions; provision of two categories of regional acts: regional laws and regional regulatory decrees; removal of conceptual ideologization from the part pertaining to economic organization; permission to reincorporate enterprises directly national after 25 April [1974] into the private sector; alterations in the provisions pertaining to the tax on personal income, in order to guarantee individual taxation of family members; intensification of the diffused nature of the system of examining for unconstitutionality; reduction of the majority required for the Assembly of the Republic to assume, at any time, powers of constitutional revision and of the majority required for submitting the revision law to a referendum; qualitative and quantitative decrease of the limitations on matters for revision."

Constitutional Revision

Changes pertaining to a decrease of the majority required for the assumption of the special powers for revising the Constitution are significant in this chapter.

In accordance with article 251 of the draft, "the Assembly of the Republic can revise the Constitution after 5 years from the date of publication of any revision law."

Its paragraph 2 adds that "the Assembly of the Republic can, however, assume, at any time, powers of constitutional revision by a three-fifths majority of the deputies actually in office."

With regard to referendums, which, in Sa Carneiro draft, were obligatory for any revision law, a change is proposed "to the effect that a referendum only becomes imperative if a third of the deputies so require it. Thus, the possibility is reserved for a certain number of representatives of the will of the people to desire to have laws on revision of the Constitution be submitted for referendum by the Portuguese people, because the prescribed number of deputies is minimally significant and, on the other hand, the possibility of forgoing that kind of political act is safeguarded in case of the almost unanimity of the deputies."

With regard to the limitations on matters for revision, those matters directly connected with the identity of the state, the form of government, the basic rights of the citizens, universal, direct, periodic suffrage and pluralism of expression and political organization are sanctioned.

Examination of constitutionality will, on the other hand, be made incumbent on a constitutional court, consisting of nine judges.

Eight Titles and 253 Articles

If this draft of a revision of the Constitution is approved by the Assembly of the Republic to be elected on 5 October, the new Constitution will have 253 articles, divided into eight titles (basic rights and duties, general principles of political organization and sovereignty bodies, national defense, economic organization, autonomous regions, local government, public administration and guarantee and revision of the Constitution), 19 chapters and 21 sections.

The title with the largest number of articles (105) is title II, pertaining to the general principles of political organization and sovereignty bodies and the shortest title (only four articles) is title III, concerning national defense.

10,042
CSO: 3101

CEOE PROPOSES CHANGES IN GOVERNMENT'S ECONOMIC POLICIES

Madrid EL PAIS in Spanish 24 Jun 80 pp 68, 69

[Article by Carlos Gomez: "The Employers' Organization Calls for Substantial Changes in the Government's Economic Policy"]

> [Text] An ambitious alternative against unemployment which goes beyond grand speeches and manages to specify even the appropriate changes that would have to be introduced in the laws on tax reform has been drawn up by the CEOE [Spanish Confederation of Business Organizations]. This effort regarding which complete secrecy has been maintained so far was leaked yesterday to EL PAIS by sources in the employers' organization itself who attributed its authorship to Jose Maria Cuevas, secretary general of the CEOE. The document, which is entitled "Urgent Measures To Stimulate Employment," has an introduction in which it is stated, among other things, that "businessmen share fully the concerns of the other social protagonists (labor unions) regarding the extremely high unemployment level already reached and its continued increase, and consider an active policy of struggle against unemployment to be necessary, indispensable and urgent."

Is its first section the document of the employers' organization outlines the present state of the problem and spells out the basic principles of action and of what it calls "incentive sectors" to fight unemployment.

The employers' organization expounds various basic principles of action which may be summarized as follows:

1. Economic reactivation. The low level of economic activity results in businesses operating far below their productive capacity and below adequate plant utilization. There is no doubt that under these conditions (besides the lack of profits, difficulties in financing, and political, economic, and labor uncertainties) it is hard to ask the firms to hire new personnel, to initiate new activities or to expand existing ones. To this state of affairs one must also add the low level of productivity and rise in costs. For all these reasons the struggle against unemployment calls for economic reactivation.

2. Private investment. The creation of new jobs can be secured only through investment. Public investment has an obvious role to play in this field but it accounts for less than 25 percent of total investment and is much less effective than private investment. Thus, the essential investment means to create new jobs has to focus around private investment.

3. Sectoral measures. The reactivation of private investment depends to a great extent on general economic reactivation even though not exclusively on it. Now then, reactivation cannot be achieved through a generalized increase in demand by means of monetary policy since this would make inflation even worse. On the other hand, neither is it possible to see a reactivation of investment in general when possibilities regarding the prospective marketing of products turned out thanks to this new investment do not exist.

In this context the only alternatives are appropriate, specific measures in certain sectors which, by reactivating demand in those sectors will subsequently reactivate demand gradually in the entire economy.

Railroads, Telecommunications and Public Works

In the public sector the CEOE points to the following as principal specific sectoral measures promoting general reactivation: modernization of the railroads, investment in telecommunications, and infrastructural public works.

The modernization of the railroads would reactivate the industry supplying such equipment. This calls for adequate financing (realistic rates, reduction of the high operating deficit, and government support easing access by the RENFE [Spanish National Railroads] to the international and domestic financial markets).

The telecommunications investment plan will have a similar impact on the electronic sector and will likewise promote technology in a field with a great future. The CEOE repeats its call for realistic rates and financing.

Public works infrastructural projects have been paralyzed for several years. The program drawn up recently by the Ministry of Public Works would make possible a certain reactivation of construction, but to date no stimulation of public works through bids has been in evidence. The document of the CEOE mentions especially the conversation of the highway network and seeks similar programs for agriculture (reforestation, irrigation, and settlement plans). The document states: "In these investments it will be necessary to give preference to those which do not subsequently imply permanent ongoing expenditures."

Energy, Exports and Housing

The CEOE asserts that "a major reason for the breakdown of our industrial activity is the delay in the approval of the National Energy Plan (PEN) and its effective implementation." The initial decisions regarding steam power

plants, the reconversion of refineries and cement works, and the development of the coal industry "constitute an initial positive step whose effects will not be immediate but will be unquestionably positive." In this field on the whole the CEOE seeks the following: urgent approval of the nuclear power plants that are still pending and the elaboration and immediate approval of an energy conservation law (essential to reactivate and reconvert the industry).

The promotion of exports is fundamental. The existing framework for promoting and supporting exports "is sufficient and adequate, but the same is not true of its implementation, which suffers from rigidity, arbitrariness and bureaucratism." The CEOE proposes that as long as the stages in the lowering of duties on exports are not speeded up, "exporters should be allowed to deduct such reductions provisionally from their turnover tax payments." In no case should this lowering of duties be reversed, and the policy of government subsidies to exports "should be defended spiritedly in international negotiations on the matter."

In housing the CEOE noted a reduction in the construction of units (375,000 units in 1975 compared to 252,000 units in 1979) and the growth in demand ("which cannot be met for many reasons, among them because of financial problems"). The employers' organization blames the paralysis of the sector to a large extent on local government units and their bureaucracy.

Another sector of reactivation could be that of naval construction where potential domestic demand exists and where, too, foreign demand is springing to life again. It is necessary to make the sector competitive and for this purpose the administration must support it.

Financing

The financial resources available in Spain are limited and scant. Spain's development in the past occurred thanks to a mobilization of these resources for investment. Today the opposite is true: They are being mobilized for consumption.

Discretionary outlays and transfers from the public sector are increasing sharply year after year. Public expenditures are being financed by syphoning off and the capital market, resources which otherwise would be available for possible investment. "A drastic reduction in the government's discretionary spending with the purpose of freeing the resources necessary for the creation of new jobs through investment is necessary." The government has made many promises in this respect which it has subsequently not fulfilled.

The private sector is also earmarking the major portion of its resources to consumption (because of inflation and the lack of confidence in the prospects of investment). "But in addition to this there are real factors: tax reform, which penalizes savings and investments, and a financial policy which makes it more attractive to seek strictly financial profits instead of profits from real investment."

A primary means of channeling savings to investment such as the stock market and, in particular, that of variable returns, has been largely destroyed (because of the economic situation, fiscal setup, and the large-scale reliance of the public sector on the capital market).

Also criticized is the government's monetary policy which has been applied in reaction to other measures and "in a stop-and-go manner and has disrupted and created enormous uncertainties regarding the amount and availability of credit to the private sector."

As far as concrete measures are concerned, the CEOE proposes agreements so that the banking sector may replace government credit "which involves a long and circuitous route" in some financing of exports or other sectors (this financing would be computed as part of the index in the percentage of investment certificates to be held by the bank). The CEOE also seeks an appropriate freeze in the reduction of the investment levels of banks and savings banks. The CEOE proposes joint measures with the banking sector as a complement to government credit and to the role of the savings banks in order to finance housing (interest subsidy out of the state budget). Finally, the CEOE wishes to see the development of savings through measures of a fiscal type, an increase in the self-financing of firms, and reactivation of the stock market.

Why the Businessman Does Not Invest

Then, the CEOE document supplies reasons which it characterizes to be of a "psychological" order to be added to the reasons already noted as to why the businessman does not invest:

1. Because of a lack of security regarding the type of society in which he will evolve and the role which the businessman will play in this society. ("Let the governments in office pronounce themselves clearly and without ambiguities on this topic").

2. Because of a lack of security regarding the attitude of the other segments of society ("No one will invest if he believes that the fruit of his investment can be stymied by an antibusiness labor policy") and because of the need for clarifying the context of labor relations (regulation of strikes, collective bargaining conflicts and employers' lockouts).

3. Because of the antibusiness climate and the lack of urban security. "The businessman will not invest if he feels himself constantly harassed and placed on the defensive." Effective restoration of a climate of urban safety is imperative. "The antibusiness climate existing at present because of the ill-considered measures of the administration, of the organs of the press, and of some segments of society is difficult to reconcile with what is necessary to promote investment and through it to fight unemployment."

4. Another disruptive factor in business activity and investment is the constant change in the economic and business legislation which is being turned out.

5. Lack of profits. "If one wishes to reactivate investment and create jobs it is indispensable to recognize the legitimacy of profits." In this connection trade unions must moderate their wage demands and the government its tax pressure.

6. Need for specific measures for small- and medium-sized enterprises.

Changes in the Fiscal Reform

The CEOE document, after recognizing that fiscal reform "was undoubtedly necessary," asserts that "the new fiscal regulations represent a very important reason for discouraging savings and, consequently, an additional factor in the existing economic stagnation.

The slowdown which tax reform represents for the propensity to save and invest originates as much from the lack or insufficiency of concrete incentives as from the general principles which underlie it. "A tax system which burdens returns on capital such as profits without any relief of any kind as a function of the high levels of inflation from which the Spanish economy is suffering and which increases every year for the same reason while it keeps rates and fixed deductions unchanged necessarily militates against the propensity to save and invest."

Therefore, the CEOE asserts, "if one wishes fiscal policy to be harmonious and to serve an economic policy of economic reactivation, investment and employment, it is necessary and urgent to make the following changes in it:

1. Modification of Article 26 of the corporate tax law by an increase of 5 percentage points in the ceilings for deduction in the anticipated tax rates for the realization of investments. Elimination of the requirement linking such deductions to the creation of direct employment. Increase by 5 percentage points in the ceilings established for said deductions from the rates as a function of the latter.

2. Restoration of the regularization of balances with the application of all its principles as a first step for a liberalized system for amortizations computed on replacement values (this measures would avoid the decapitalization of firms).

3. Facilitation of the stimulus to investment and the regularization of balances for individual firms operating under the system of special objective valuation.

4. To establish deduction formulas for investments in small- and medium-sized enterprises in accordance with what is anticipated in the second additional provision of the individual income tax law.

5. Elimination of the requirement that fixed resources whose investment gives a right to a deduction contemplated in Article 26 of the corporation tax law be "new."

6. Elimination of the exclusion of land in the same Article 26 of said law.

7. Amendment of Article 29 of the individual income tax law in the following respects:

a. Through the increase to 30 percent of the deduction in the rate as a function of the investments in securities when what is involved is the acquisition of these assets through subscription, and the extension of this privilege to all types of securities even though they are not quoted on the stock market. No discrimination in favor of securities issued by public organs.

b. Through an increase to 50 percent of the ceiling established on the above deduction as a function of the taxable base.

Thanks to these measures individual savings would be increased and these would be channeled to the stock market which is so depressed at present.

8. Equalization of the fiscal treatment of settlements made on account of insurance policies on life, death or disability with the treatment granted to investments in securities. The maximum deduction, in case the present system which sets a quantitative ceiling should prevail, should not be below 140,000 pesetas (300,000 pesetas times 30 percent times 157 percent). The multiplier of 157 percent represents the rise in the consumer price index between 1977, the fiscal year when the existing rate was approved, and 1980.

9. Modifications in the treatment of increases in holdings, which clearly promote consumption but syphon savings away from investment. For that reason, the CEOE maintains, the following measures are necessary:

a. Distinction between speculative capital gains shorter than a year and others which are of longer maturity, with taxation levied exclusively on the former.

b. Taxation of capital gains at the minimum rate.

c. Elimination of exclusively monetary gains.

d. Exoneration of taxes on capital gains when the product of the transfer, not only in the case of companies but also in the case of individuals, is reinvested.

e. No levies on capital gains at source in legacies. Said legacies are already taxed on account of inheritance, and the capital gains would eventually be produced only at the time when the inherited property was transferred to the heir.

10. Measures to check inflation. The CEOE spells out the following criteria in its document:

a. Revision of the types and sections of the tax brackets in order to eliminate the unfair progressive increase resulting from the strictly monetary rise in gains. To this end it would be necessary to use as a corrective factor the increase in the consumer price index between 1977, the fiscal year for which the existing tax rates were approved, and 1980, that is, 157 percent.

b. Increase in the amount of the deductions established for the tax on profits in accordance with the same criterion as the earlier provision.

11. Other complementary fiscal measures proposed by the CEOE in its document are the following:

a. To improve the tax schedule in order to achieve authentic neutrality [in its impact].

b. To lighten the obligations of investors in securities: At present they are extraordinarily complicated and incomprehensible to the majority of citizens.

c. To make individuals equal before the law with respect to the tax benefits granted for investments in fixed-income securities (Article 25(c), section 1 of Law 61/1978).

d. To modify the treatment of annuities or temporary income. To consider income on the same basis as a return on capital represents confiscation. As for possible interest, in most cases it fails to offset the loss in the purchasing power of money.

e. To eliminate the presumption of profit established in Article 16, section 1(b) and 1(c), of the individual income tax law because of the use of one's own home or one's ownership of vacant housing. The tax on profits should be levied on the real income of the recipients. The ownership of property is already burdened by the inheritance tax and in the case of urban property it is burdened additionally by the city real estate tax. The problem of housing must be solved through other, more appropriate measures.

f. To modify the treatment of paid-up shares on the basis of the equalization balance account. To consider them as profits for the recipient weakens the nature of the equalization.

g. To improve the so-called "fiscal asset" so that there may be complete elimination of double taxation on dividends.

h. To modify the fiscal treatment of nonresidents so that it does not represent an impediment to international trade.

Among the labor and social policy measures proposed in the CEOE document the development of the Workers' Statute "in those aspects which make it possible to secure a general social attitude that would generate more jobs" stands out. To complete the legal picture the CEOE document calls for the regulation of the right to strike and employers' lockout, the adjudication of collective disputes, labor procedures, the operation of the Wage Understanding Fund, and the operation of labor unions and employers' organizations. It urges "a reduction in the cost of social security borne by firms and [other] job providers" and call for the urgent reform of the social security system. Finally, the CEOE notes that to beef up employment it is necessary to maintain global and wholehearted commitments to increase productivity and reduce labor conflict.

Conclusions

Spanish businesses are fully prepared to assume their share of responsibility in a process of economic reactivation, investment and the generation of jobs.

But this will only be possible if the above-mentioned measures are taken by the administration, especially in the field of financing and fiscal policy, as well as actions to reduce the deficit and consumption expenditures in the public sector.

The cooperation of the rest of society is also fundamental; the cooperation of the political forces and labor unions with the purpose of creating an appropriate psychological climate for investment already mentioned in the body of this document.

Consequently, this effort against unemployment is not the exclusive responsibility of businessmen but of all Spaniards beginning with those who, because of their political, trade union or administrative responsibility, have a preponderant role in the makeup of society.

In the creation and maintenance of the climate necessary to reactivate savings and investment, and to create jobs, employers' organizations must play a special role. The commitment of these organizations in promoting such a climate, once the proposed measures are approved, is indispensable.

'YANKI' EXAMINES SITUATION IN EASTERN ANATOLIA

Overview Given

Ankara YANKI in Turkish 7-13 Jul 80 pp 9, 11

[Text] The Justice Party's Deputy Chairman General, Urfa M.P. Necmettin Cevheri, says that the principal problem of the east above all is the propensity to treat the so-called eastern problems as requring an entirely different thought process. As opposed to this habit of mind to segregate the east, there are those "certain persons outside the country for whom the desire to aid the people of this land of heroes of the revolutionary war has become the focus of all desire and ambition." According to Cevheri, there are those who want to derive some benefit from the backwardness of the east. Those who have a stake in this backwardness--Cevheri considers the RPP [Republican Peoples' Party] regime to be in the forefront of these--are now exploiting this backwardness, he says. In this connection, he recalls, the CHP suffered a major defeat in the east during the 1979 elections, taking only 3 senatorial seats out of 15.

The backwardness of the east spares no one. Cevheri, Mardin M.P. Nurettin Yilmaz, NSP [National Salvation Party] members Muhyettin Mutlu, Serafettin Elci, and Fehmi Gunes share the same view, and NAP [National Movement Party, also known as Nationalist Action Party] member Tahir Sasmaz as well...

Some parliamentarians say, "Why do you make this east-west distinction? Doesn't every corner of this country have problems?

Tahir Sasmaz says, "The greatest problem the east has today comes from the tendency to treat problems in this area as if they were first and foremost an ethnic problem. There is not any major problem in the east, there is, however, an imbalance. Are there none who live in holes in Istanbul? There are no villages in the east without a school. And there are very few places that are completely isolated. There is the matter of irrigation, but this will be solved with Karakaya. And a little investment needs to be diverted in this direction. There is foreign meddling behind the disturbances in the east. A nationalist education must be mobilized in the east."

Nurettin Yilmaz says, "The people of the east have no political and economic freedom. The politicians consort with the wealthy landowners and form their own agreements. This is the way the voting is done. The ones who vote contrary to the wishes of the landowner have their houses razed, they are driven out and forced into a nomadic existence."

Muhyettin Mutlu says, "Those who have been directing the state have always neglected the east. There are no roads, no water, no doctors. Many of our women die in agony from the trip by horse back down to the city to give birth. Our women still carry loads on their backs. Our youth are angry. If the government would pay attention and provide services this anger would not last."

Independent M. P. Serafettin Elci says that the MHP and its auxiliary organizations are very action in the east and that they want "to annihilate" the people in the east. This was made clear in Kahramanmaras, he said, and added, "Let me give you one of the letters against the Kurdish people which they distributed. It would be really good if you would print it in your magazine."

Kaban Fehmi Gunes, who served for a short time with the Ministry of the Interior and is noted for his alertness, said "I went to the east and looked around. If the government had paid attention in time the unrest would not have come about. What do idle persons do?" And he replied to his own question, "I read in the faces of those youths exactly the kind of hatred I felt when I was a student in the university, penniless and unemployed. The government should not resort to oppressive methods with them, social methods must be used to win them over."

Necmettin Cevheri, together with concurring on the question of the backwardness of the east, says, "What ought to be done is not to exploit it but to alleviate it," and asked what in particular should be done, he gave a technical answer, as follows: "Hakkari these days is tied into an interconnected system. Its lighting will be generated from Keban and other electric power stations. Its transportation infrastructure is somewhat underdeveloped but has come a long way. Its open air industry and mining operations must be enclosed. Its village electrification is lagging. There are shortcomings in its medical services. Steps have been taken to offset its shortcomings in transporation and energy. What remains to be done above all is to change the fix of mind that sees the backwardness of the east as something unique and different or which attempts to exploit it."

On the subject of disorders in the east, Cevheri sees "a calculated Soviet plan," and accuses those who doubt this of "heedlessness."

[According to Cevheri] when the subject of the east comes up, politicians only seem able to say the same old things. The matter is being studied in depth only by those who have a special interest in the eastern region, Russia, America, England and France.

Mardin Deputy's Comments

Ankara YANKI in Turkish 7-13 Jul 80 p 10

[Interview of Mardin's Independent M.P. Nurettin Yilmaz by YANKI]

[Text] YANKI: What are the problems facing our people in the eastern region?

Nurettin Yilmaz: Due to the suspicion and discrimination which all of our governments have felt toward the people in the east, the region has been systematically neglected. Despite the fact that the country's largest rivers are located in this region, agriculture and animal husbandry there are still being carried on with primitive methods. In Mardin, our citizens are drinking worm-infested and muddy water. Despite the fact that the largest electric power stations are located there, we have an undue number of districts without electricity and in our villages electricity is really a luxury. There is petroleum in the southeastern part, but our roads are dirt roads and muddy. Despite the fact that the largest underground mines are located in this region, there are few factories and the people are impoverished and unemployed.

YANKI: Why are the people impoverished with all that land in their possession?

Yilmaz: The big landowners (feudal in character) have been protected by every political regime which has come to office. Why? Because the political leaders benefit from the political strength of the landowners. The destitute populace, landless, are bought and sold like cattle. The villager who fails to give his vote to party A, B or C, whichever the landowner supports, is evicted from his home the next day, the house is razed, and he is forced to move. The populace is living in the middle ages.

YANKI: Are things still this way?

Yilmaz: The situation is still this way in the villages where the youth, the intellectuals, the informed villagers have not been able to come in. The villager who lacks economic freedom also has no political freedom.

YANKI: What are the government forces doing?

Yilmaz: The government has entered this region with only a gendarmerie type of mentality. In a region with only a 60-percent literacy rate the government has brought jails, police stations and mine fields instead of schools, health facilities, infrastructure services and job sites. Particularly in the border areas, the oppression and terror applied to our populace amounts to a humiliating quasi state of war.

YANKI: Could you give an example?

Yilmaz: Yes I can. It is forbidden to go from one village to another after dark. Iron chains are used to close off the irrigation canals which serve as routes of transportation. There are daily incidents in which women on the point of giving birth and injured or ill persons have died because of being forced to wait until morning at these chains and not being able to get to a town in time.

YANKI: Who is it who puts these restrictions into effect?

Yilmaz: The gendarmerie.

YANKI: What do people do in response to these practices?

Yilmaz: They are waging a struggle to obtain their democratic rights and freedoms. This struggle is growing into avalanche proportions.

YANKI: How do you yourself size up these practices in the east?

Yilmaz: I have said it on various occasions in parliament. The attitude and posture being assumed toward the millions of Kurds and Alevis living in this region and the unnecessary anxiety being created among them is a mistaken policy.

YANKI: But as you have stated, one of the forces of exploitation oppressing the villager is the large feudal landowner. And this landowner is part of the system which exploits the people. How are you going to explain this? What are the differences between the exploited worker in the west and the exploited villager in the east or among the exploiting forces?

Yilmaz: Exploitation in the west is employer-worker exploitation. Eastern exploitation is more properly described as exploitation of the ignorant masses by a combination of exploitative forces.

YANKI: There are several organizations in the east. What are they up to?

Yilmaz: They are arousing the consciousness of the people. Despite the great risks entailed, the youth and intellectuals are in a state of mobilization to bring their own people to achieve at the very least a dignified standard of living and level of public consciousness.

YANKI: What is the purpose of this state of mobilization?

Yilmaz: The creation of an atmosphere of freedom, freedom from exploitation, freedom from oppression, with the taste of human dignity. If this atmosphere is achieved, our eastern populace may aspire to a measure of happiness at least.

YANKI: Have the benefits of this struggle become apparent yet?

Yilmaz: Yes, they have. It is being said among the populace that some people who were of feudal origins have turned against the landowners, and that the feudal landowners are not an acceptable institution. This is a hopeful development.

YANKI: But the practices are still exploitative. What will talking against them accomplish in the way of change?

Yilmaz: Their former influence has been weakened. Formerly the order of the feudal landlord was like the order of a military commander. However, now in many places the landowner's political oppression and terror has dwindled to nothing.

YANKI: Organizations in the east are getting support from abroad. Are they being provoked?

Yilmaz: Absolutely not. I do not believe that they are getting support from abroad or that they are being incited from abroad.

YANKI: During a speech you made in Helsinki, it is said you asked for the support of all Kurds in the struggle for the eastern people. Is this true?

Yilmaz: No, this is not ture. I said that unless the Kurdish problem in Iran and Iraq were resolved there would be no peace in the Middle East. But the United States and its monopoly capitalist extensions in Turkey have an allergy to the word "Kurd," and so they interpreted this the way they wanted to. However, they were not successful.

YANKI: In your opinion, how can the eastern problem be resolved?

Yilmaz: With the creation of an atmosphere in which the populace can taste democratic rights and freedoms. With the creation of such an atmosphere it will be possible to bring about a unity of force and action in opposition to fascism, imperialism, chauvinism (racialism), and exploitation.

Serafettin Elci Comments

Ankara YANKI in Turkish 7-13 Jul 80 p 12

[Interview of former minister of public works and independent M.P. from Mardin, Serefettin Elci, by YANKI]

YANKI: What are the problems of the eastern people?

Elci: The problems of the populace in the east need to be grouped under three major headings: economic, social and political. The first are the consequences of mistaken policies. As a result of Turkey's general backwardness, the east has been neglected from an economic standpoint, and abandoned to poverty and destitution. As a result of the economic distress in the east, the populace is really condemned to a migratory existence. Today numbers of easterners equal to the population remaining in the east have been dragged into the struggle for bread in our other regions. The second problem is the cultural one. One of the preconditions for development in a society is the elevation of its culture. All sorts of means have been employed both to give the easterners no opportunity to preserve and develop their own culture and at the same time to prevent them from attaining any cultural advancement. The most manifest characteristic of fascism is its antagonistic attitude toward the cultures of ethnic groups in its own country. The third category of

problems is political. Today not only Turkish public opinion, but world public opinion as well is aware of the fascist oppression and economic exploitation being practiced upon the people of our eastern region. To deny this or to attempt to cover it up is not going to contribute to a solution of the problem.

YANKI: What has been done up to the present for the development of the eastern region?

Elci: Several steps have been taken. The lower Euphrates basin project comes in the forefront of these steps. However, because the project has not been given the importance and weight it deserves, its realization will take a longer time. According to studies that have been made, when this project has been completed it will create the economic wherewithal to feed a population of 30 million people. Despite the fact that this powerful potential is well known, it has not been realized up to the present time. Thanks to the fact that Turkey is itself backward, care has been taken to make sure that the east remains backward.

YANKI: What can be done about it?

Elci: The east's potential must be used for the benefit of the people of the east. For example, despite the extraction of petroleum in the east, the east has not been able to benefit from this to a sufficient degree. The government must take serious measures to insure that sufficient investment is funneled to the east to complete with all possible speed the infrastructure so necessary to economic development, and to convert the existing economic potential into an industrialization phase. The failure of the east to achieve advancement in the economic area has not been due to the fact that the area's natural possibilities are limited. On the contrary, the economic potential of the east is immeasurably superior to that of Turkey's other regions.

YANKI: The large landowners in the region are crushing and exploiting the people. How are you dealing with this situation?

Elci: Feudal forces in the east, in continual collaboration with sovereign forces, are in the process of increasing their oppression and exploitation of the eastern populace. The ones who espouse the exploitative, oppressive and assimilationist practices through blindness or even conscious support are subjecting eastern patriots who emerge and feel a genuine responsibility toward their society and oppose these practices to all manner of attacks and pressure.

YANKI: What have you yourself done to try to do away with the exploitation and oppression in the east?

Elci: I have attempted in the course of my ministerial duties and in meetings of Council of Ministers and the State Planning Organization to give adequate expression to the problem. Whenever the opportunity has arisen, I have made the effort to expose the issue to public opinion.

YANKI: There are certain militant organizations in the east. What are they after?

Elci: It is quite natural for reaction to take place in backward and oppressed socieities. The literate masses in the east have been awakened to the oppression and exploitation about them. The reaction of patriotic persons who have a sense of responsibility toward their own people is inevitable. If the excitability and extremism of youth is added to this picture, any society can witness this kind of extreme reaction.

YANKI: How can these reactions be prevented or eliminated?

Elci: These reactions, which at bottom are legitimately based, cannot be opposed by oppressive measures alone. What is needed is to bring about basic solutions in behalf of society to the problems which have given rise to these reactions.

9353
CSO: 4907

USE OF AYA SOFYA AS MOSQUE DRAWS FIRE

Mosque for Ramazan

Istanbul CUMHURIYET in Turkish 14 Jul 80 pp 1, 11

[Text] Culture Minister Tevfik Koraltan in a ceremony yesterday at the Topkapi Museum said that plans had been made to open the Hunkar Mahfili section of the Aya Sofia as a museum mosque for the coming Kadir evening [27th night of Ramazan] and that the Hirka-i Saadet room of the Topkapi Palace would be used henceforth for readings of the Koran, and that "this would continue indefinitely."

The ceremony for the inauguration of readings of the Koran in the Hirka-i Saadet room was attended by National Education Minister Orhan Cemal Fersoy, MAP [Nationalist Movement Party, also known as National Action Party] Chairman General Alparslan Turkes, a number of parliamentarians, the governor of Istanbul, Nevzat Ayaz, and a gathering of citizens.

Speaking at the ceremony, Minister Koraltan said that the tradition of reading the Koran at the Hirka-i Saadet room began with Sultan Yavuz Selim and that henceforth it would be continued indefinitely.

Koraltan, who explained that this practice was very meangingful today, said, "Today is the 1,500th anniversary of the Hegira. It is the month of Ramazan and the first day of Ramazan...."

Koraltan noted that it was their intention to make the Topkapi Palace into the greatest museum complex and that they planned also to open the Hunkar Mahfili portion of the Aya Sofya on Kadir evening as a museum mosque as well. He added that mosques were far more than just buildings, they were places which served to unite people, to bring them closer together, and announced that the readings of the Koran in the Hirka-i Saadet room would go on whenever the museum was open to the public.

Religious Affairs Minister Tayar Altikulac also delivered a prayer and gave a talk at the ceremony in which he said that the Turks had preserved and developed the most important traditions of Islam and that the Turkish nation today had the same virtues and resolve. He added that the greatest respect for the Koran could be found today on Turkish soil.

Later a group of religious dignitaries gave the affirmation, invocation and salutation, and entering the Hirka-i Saadet room they commenced the readings.

Prime Minister Suleyman Demirel and various ministers, in telegrams sent to the Minister of Culture, praised this development and wished the nation a happy Ramazan.

Paper Blasts Use as Mosque

Istanbul CUMHURIYET in Turkish 15 Jul 80 pp 1, 9

[Text] By decision of the minority government, a move has been made to bring about "the opening of Aya Sofya for purposes of worship." This decision might be taken by some to be an inconsequential detail. Others might wonder why, with all the many mosques there are in Istanbul, it was necessary to change the status of the Aya Sofya Museum. Still others take the position that the truth behind the incident is to be assessed in terms of the current historical period. This last approach is the correct one, and we can arrive at the truth by approaching the issue in the light of the Ataturk revolution without making concessions to any other policy whatever.

The founder of our independent and secular republic, Ataturk, in converting the Aya Sofya into a museum, wished to present an example of how to deal with products of civilization and works of art which belong to all of mankind. The conversion of Aya Sofya to the status of a museum in our beloved Istanbul where the skyline is dominated by the silouhettes of mosques was taken as a gesture of tolerance lending dignity to the Turkish Republic. Ataturk was a leader who embodied the values of modern civilization and brought the War of National Liberation against Western imperialism to a victorious conclusion. If it had not been for this leader, not just in Aya Sofya alone but in many a mosque throughout Thrace and Anatolia only the sound of bells would be heard. As everyone knows, the Turkic culture and Islam according to the Treaty of Sevres would have been driven out of Istanbul first of all and sentenced to be squeezed into a tiny corner of the Konya plain in a country which was to be broken up.

The government of the republic which brought into being a national compact within our borders by the War of National Liberation, adopted an honorable foreign and domestic stance, did away with foreign control and saved the country from the quasicolonial status it had been relegated to under the so-called public debts of the Ottomans. Can today's Turkey, which is dependent upon the loans or charity of the West, be compared with the Turkey of Ataturk, which gave the world a lesson in civilization by making a museum of Aya Sofya. Was the Turkey of Ataturk's time less Turk and less Moslem?

Has today's Turkey, which is diagnosed as a "sick man" and which has become dependent upon charity and has fallen under the economic control of the Christian West, become any more Moslem by opening the Aya Sofya for religious services?

No.

"Open the Aya Sofya for religious services" has been an ancient slogan of the anti-Ataturkist counterrevolution and has been brought up again and again over the years of precipitate arguments. Those who have dragged Turkey into its present state by gnawing away at Ataturk's principles ever since the great leader's death have been distorting our domestic policies in their reactionary competition. The JP [Justice Party] in its efforts to forge ahead in this competition has taken the first step in this direction by giving its unconditional support to "opening the Aya Sofya for religious services."

"Opening the Aya Sofya for religious services" and "opening up Turkey to foreign control" makes quite clear the philosophy of foreign dependence and domestic reactionism which underlies "Morisonian" politics. This decision shows that "the most reactionary" forces have taken over political leadership in Turkey.

It is a pity that the Ataturkist forces which could call a halt to this move are in disarray. And the passive silence of those who have sworn to preserve the legacy of Ataturk serves only to make those in power more bold.

Minister Accused of Violating Ataturkism

Istanbul CUMHURIYET in Turkish 15 Jul 80 p 7

[Article by Salim Alpaslan]

[Text] A little while ago, Culture Minister Tevfik Koraltan announced on a visit to Istanbul that the portions of the Aya Sofya that had been used by Ottoman rulers to offer prayers would be opened for worship and also that 40 of the city's most renowned hafiz'es [hafiz--one who has memorized the Koran, a lay reader] would, beginning with the first day of Ramazan, give readings from the Koran in the sacred relics room of the Topkapi Palace. On this same occasion Minister of State Metin Musagglu, who is familiar to readers from his newspaper columns, announced that a subsistence allowance would be paid by the Directorate General of Foundations to the priests who give the hatm-i serif prayers following the readings. Koraltan, renewed his visit the day before yesterday in order to be sure his work was going properly. In actuality, his purpose was not this; it was to prepare, together with parties concerned, a suitable cover up for a report that was to be prepared regarding the new place of worship in the museum.

Although here and there this "penetration" of the Aya Sofya museum was met with great satisfaction among certain circles, this misuse of religion for political purposes by a Minister of Culture in the Turkish Republic in 1980, one who at every event arranged to celebrate Ataturk's 100th birthday and has stated that adherence to the great leader's principles is a precondition for everything, has aroused a great reaction in democratic circles.

In order to determine the real reason why the Aya Sofya museum has once again been given a place on the political agenda, one must reach back to the 1930's, the years in which the Council of Ministers following Ataturk's orders enacted Resolution No 2/1589, dated 24 November 1934, which made the mosque a museum.

Aya Sofya could not be converted to a museum even up to the time of Ataturk's death. Later the matter was taken up again and a committee of museum officials which included archeologist Remzi Oguz Arik; the director of the Topkapi Museum, Tahsin Oz; the acting general director of archeology museums, Arif Mufit Mansel; the director of the Turkish-Islamic Artifacts Museum, Abdulkadir Erdogan; the head official of the Aya Sofya Museum, Ali Sami Boyar; Seniha Morali of the Archeology Museum, and Zarif Orgun of the staff of the Topkapi Museum, after long deliberation, prepared and sent a report to the Ministry of Education. This report recommended termination of the mosaic research being carried on by Whittemore as early as possible, the installation of items necessary to the museum, expropriation of the wooden structures in the vicinity and, after taking the necessary measures to prevent fire, the initiation of major restoration and repair work. However, work of such magnitude could not be accomplished all at once, and everything took a very long time to be completed. Following the Council of Ministers' resolution on the museum, the issue produced much demigogy, both from the political and legal standpoints; claims were even made that it was contrary to the constitution, the foundations and the civil law and that a crime had been perpetrated.

These claims even went to the lengths of insisting that the Orthodox paintings were not an attraction for Protestant and Catholic tourists who came to see examples of Islamic art, and that foreign visitors to the city left without taking a look at Aya Sofya. (Source: The Truth About the Aya Sofya Mosque Question--Abdullah Mehmet Calislar). This and similar views became a rallying point for a rather broad sector, even though statistics showed that tourists visiting Istanbul wanted to tour Aya Sofya above all else.

Blood Money Paid Following Interpellation, Right-Wing Votes

While Ataturk lived, not many arose to say "let it be a mosque," but during the period of the Democratic Party it continued to be a vote-getter which would not be abandoned even though it was also a headache for the party leadership. In the end, it was not to prove possible to carry through a decision to permit religious services to be conducted there, a decision which is clearly in violation of the course Ataturk laid out for the Turkish Republic and the principle of secularism. Nor did it come about in the period of the National Coalition Government despite a few moves in that direction, right up until 1980.

it is clear that the opening of the mosque and the Hunkar Mahfili section of the Aya Sofya and the Koran readings at the Topkapi Palace are an exploitation of religion and that it is contrary to the constitutional principle of secularism. By this act the AP government is saying to the MSP electors, "You have always wanted this, look it is granted by our AP government." In this way the government pays its blood money to the NSP [National Salvation Party] for its support in the interpellation and woos the right-wing voters.

While One Side of the Building Is in Ruins

"Have all of Aya Sofya's problems been solved so only the question of opening it for worship remains?" We look for the answer to this question in the course of taking a tour through the building. The sections of Aya Sofya which are permitted to be seen constitute only half of the building, perhaps less. Due to their neglect under previous ministers of culture as well as the present one, repairs to the school section [medrese], the mausoleum and the library have gone uncompleted for years, and as you tour the annexes you can see other work that is urgently needed. Every time the wind blows, some of the lead cladding which covers the cupolas comes off and blows away. Here and there the plaster has fallen and the mosaics are eroded and ruined. Water from snow and rain seeps all the way down to the basement foundations where it forms pools which could lead to the destruction of the building. and there is the Aya Sofya library, with its extremely valuable and extraordinarily beautiful tiles for which there are no replicas. Among the areas to which the government should give priority attention, let us count the cupolas of Sultans Mustafa, Ibrahim, Selim II, Murat III, which have become refuse heaps of broken beams, tin plate, cement, brick and stained glass. This is the picture which confronts one's eyes during a short tour. And for these reasons reports have been sent to the Ministry of Culture on a number of occasions calling for the closing of the building to public visits.

"This Can Only Be Called Political Reaction"

Forty years have passed since the issue of a decree signed by Mustafa Kemal Ataturk instead of the president. Now, in open disregard for his orders and the principle of secularism, a portion of the Aya Sofya has been opened for religious services. How did it come about, this encroachment upon the museum character of this place, this departure from a civilized purpose? Legal authorities we approached on this question gave the following common views:

"The conversion of the Aya Sofya to a museum was not in violation of the constitution as claimed. In order to perpetrate a crime of this sort, freedom of belief would have to be abridged. There only remains to say that the conversion of a building into a museum that had formerly been a church and was then turned into a mosque is merely an appropriations matter and in questions of this sort the authority of the Council of Ministers is natural.

Did we not see similar cases during the first would war? Were not many mosques during the War of Liberation used for purposes other than religious services, and each one turned into a fortress?" Some kind of trick lies behind the move to open a portion of it for religious services. When Aya Sofya was made into a museum as Ataturk willed it to be, the world was presented with a challenge to its civilization. For a country that accepts the principle of secularism to convert to a mosque a building that had been appropriated for a museum for world civilization--if this is not reactionary then what is it?

9353
CSO: 4907

MARTIAL LAW COURT WANTS LEGAL ACTION AGAINST NAP, NSP

Istanbul CUMHURIYET in Turkish 28 Jun 80 p 5

[Text] The Ankara Martial Law Court has ruled that the Ankara Martial Law Command should be requested to take legal proceedings against MISK [Confederation of Nationalist Trade Unions] and the MHP [Nationalist Movement Party, otherwise known as the National Action Party-NAP] for violations of the trade union and political parties law.

At the Ankara Martial Law Court in a hearing last week a report of legal experts was read which asserted that the former Secretary General of the Idealist Hearths Association, who is under indictment for violation of the associations law by insulting the opposition and the government, had received money from MISK.

In the experts' report, proof was presented that idealist militants and various idealist organizations involved in incidents were recorded in a notebook of MISK's chief accountant as having been given money. In the aforementioned report, it was stated that the supporting memo book, which also listed Muhsin Yazicioglu's name, was found among MISK's legal records and note books. In the conclusion, the report found a consistency among MISK documents, bank accounts and the memo book.

According to the information obtained, the money given to the idealist individuals and organizations, as cited in MISK's official documents, exceeded that which would be natural to its leadership's expenditures. Moreover, according to the experts' report, some of MISK's expenditures and advances given to persons without receipts were listed under "Miscellaneous expenses" and recorded directly under expenditures.

MHP's Telephone Money

Following an investigation, it turned out that MISK had paid the telephone bill for the Denizli MHP provincial chairmen's office. Furthermore it was determined in the report of the legal experts that the travel allowances paid to MISK personnel had not been taxed.

The Court Rules

In the light of this evidence the Ankara Martial Law Court charged that MISK had behaved in violation of the trade union law and ruled that the Ankara Martial Law Command should be requested to institute legal proceedings against the two organizations. The Court also ruled that MISK had acted in violation of the law on tax procedures and that the Labor and finance ministries should be asked to commence proceedings against this confederation.

How It Came to Light

The fact that MISK had been distributing money to various idealist persons and organizations came to light as a result of a search of the home of Sukru Dagdeviren, MISK's chief bookkeeper in September 1978. In this search, conducted by a team attached to the headquarters of the Ankara police, a 7.65 mm. Beretta hand gun and a memorandum book understood to belong to MISK were found. Evidence was found in the memorandum book to the effect that MISK had given money to idealist militants and organizations who had been involved in various incidents and in a report which the police sent to the Ankara Martial Law Command, it was stated that the memo book indicated that MISK had made payments to the chairman general of the Idealist Workers Association, Muzaffer Sahin; to the chairman of the Ankara Section of the Idealist Hearths; to Esat Butun, who was a suspect in the Mamak massacre; to the administrative secretary of the UGB [Idealist Youth Organization] Mustafa Sami Barshan; to the former chairman general of the Idealist Hearths, Muhsin Yazicioglu, and to the former chairman of the MHP Youth Auxiliary, Turkmen Onur.

9353
CSO: 4907

RPP DEPUTY DISCUSSES RPP-ALEVI RELATIONS

Ankara YANKI in Turkish 14-20 Jul 80 p 12

[Interview with RPP National Deputy Mahmut Ozdemir by YANKI magazine]

[Text] RPP National Deputy Mahmut Ozdemir answers YANKI's questions on Alevi-Sunni relations:

Question: Do you share the view that Alevi-Sunni conflicts are behind the incidents in some provinces?

Answer: Definitely not. It is wrong to see the incidents in Corum today which started yesterday in Sivas, Elazig, Malatya and Tokat and culminated in the genocide in Maras as a religious conflict.

Question: Then what do you think is the cause? Why are they being shown as such?

Answer: Rightist forces want to give this impression. The reason is to make Alevi RPP members break off from Sunni RPP members. To leave the Alevis unprotected and put them off the RPP. But neither the RPP's Alevi base nor Sunni base is falling for this ruse. It is for this very reason that the number of dead has not reached the dimensions fascism expected. And the plan has failed in this respect. If the Alevi base were not in the RPP, these genocidal plans would not have been made.

Question: Why is the Alevi base RPP?

Answer: The Alevi base is RPP because it is Ataturkist and secular. It is RPP because it needs state protection economically. It is stateist. It is RPP and on the democratic left because the requirements of its philosophy of belief are libertarian and democratic. That is, its structure requires that it be RPP. This base cannot become the base of another party through pressure and force.

Question: Are you implying that another party is addressing itself directly to the Alevis?

Answer: In our multiparty democratic vitality, the Alevis have been pushed into politics with religious chauvinists. The Turkish Unity Party came into being this way. But the democratic, secular essence of this base has not accepted this push. The Alevi base has taken its place in the RPP, in the democratic left, where it has the chance to live in keeping with the true Turkish structure.

Question: Do you think that the Justice Party [JP] administration has done what it should as to measures in these conflicts? If not, why not?

Answer: Of course not. It encourages the rightist armed activists. This attitude is based on a serious ideology. JP opinion is in the middle; it does not want the people aroused. It does not want a social state or a legal state. It does not want a prosperous society free of affliction. The powers which want to bring about such a climate in Turkish society, according to the JP, are the enemies of prosperity, the enemy of private ownership, communists. The JP administration, in pointing at them and calling them enemies, is pointing at all democratic forces in general and the RPP in particular and the Alevis, for example. The reason for condoning state terrorism cannot be explained otherwise.

Question: What is the RPP doing? What should it do, in your opinion?

Answer: The RPP has an Alevi base which is democratic, secular and Ataturkist. The RPP organization and base is trying to keep provocateurs from among the Alevi and Sunni citizens. It is not letting the mosque come between them. I see this as the conscientious reputation of the RPP base. I am confident. This is the guarantee of both RPP progressivism and Ataturkism as well as of the regime.

8349
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'YANKI' PRAISES MILITARY FOR ITS NON-PARTISAN EFFORTS

Ankara YANKI in Turkish 14-20 Jul 80 p 10

[Editorial: "Fortunately the Army is Vigilant"]

[Text] While the public is troubled over the Corum events with all their horror and dread, Chief of Staff General Kenan Evren and the three force commanders let it be known that they are setting out on an inspection tour, starting at Corum.

The gathering at the Ankara Turkish Labor Party Congress which used various slogans in defiance of martial law bans is arrested, including party leader Behice Boran.

The Ankara Martial Law Command finds it objectionable that the former secretary general of the Idealist Youth Association should have been appointed as director of the Gaziegitim [Officers' Training] Institute and has him removed from the post.

These examples could go on.

The army is frequently called upon in these days of confusion and misfortune which Turkey is experiencing to exercise such impartiality -- being partial only in its defense of the democratic regime and Ataturkist principles. And this is how it keeps thousands of concerned, intelligent and patriotic people who see only dismaying developments around them from looking to the future with sheer hopelessness.

Much of this has to do with our having a command echelon that takes strength from the sincere, open and honest personality of Chief of Staff General Kenan Evren, who never seeks political advantage and gives confidence to everyone who knows him just as he does to the members of the Armed Forces. The members of the Armed Forces deserve credit, trying as they do to perform their duties through all sorts of political thought, regardless of by whom or during which administration they were appointed. Although they have not been trained to fight the current terrorism, they do everything they can under the circumstances. But those who expect them to achieve the success achieved under unique circumstances against the

leftist terrorists after 12 March can never be satisfied, because the methods of 12 March, which have been criticized at length ever since, cannot be used today. They have to be governed by respect for human rights and firm compliance with the precept of being a legal state. They have to fight seditious terrorism without straying from the democratic rules of the modern state. This makes their work harder and complicates their success. But the most important part of their job, in our opinion, as it was after 12 March, is demonstrating that they continue to be the symbol of the defender of the democratic republic, of the indivisibility of the nation, rather than to crack down, "finding all methods justifiable." And the truth is, they are vigilantly and sincerely trying to do this.

Even in periods when all the politicians can see nothing but their little games of keep-away, fortunately the army is vigilant.

8349
CSO: 4907

COLUMNIST URGES STATE TO LEARN LESSON FROM FATSA

Istanbul HURRIYET in Turkish 12 Jul 80 p 3

[Article by Oktay Eksi]

[Text] The military has a terminology all its own. First they talk about the "Evening Wolf Exercises." Then they conduct "North Star Games."

Now a totally unexpected term has cropped up: it seems that what was conducted in Fatsa was the "Point Operation." And during this operation, about 200 suspicious persons were arrested.

First, let me stress one point: The "state" had been down for quite some time in Fatsa. An administration formed by a person elected to the "independent" mayoralty with the support of a group of leftist organizations had begun to hold sway in Fatsa. This administration had even got the people of Fatsa to accept its efficacy by means of "people's committees" and its own unique methods of trial and punishment. Let us go a little further: This administration responded to the people's greatest expectation, that is, to the desire for an "effective and just authority," and was strengthened "by integration with the people" and pushed state authority into the background in that community.

This is one of the facts which must be recognized when looking at the Fatsa events, and solutions to the desires of the Turkish people must be found by taking a lesson from this fact. How the lesson learned from this fact should be applied will be taken up separately.

Second is the need to restore the shaken state authority in Fatsa.

Fatsa is just one incident in the "liberated region fad" in the Turkey of today. That is, however important the need to restore the authority of the state in Fatsa may be, it is equally important and necessary to restore the authority of the state in Aybasti, in Siverek, in Ceylanpinar, in Tunceli, in Nevsehir, in Unye and even in Mecidiyekoy in the heart of Istanbul and in Ankara's Abidinpasa. That is why the need for "Point" operations has become unavoidable in order to bring under the legitimate and official authority of the Turkish Republic, not just "Fatsa" but the other "liberated regions" of Turkey as well.

What the prime minister must recognize is this: No matter who it was that allowed the authority of the state to deteriorate, the state must act with the same effectiveness, the same impartiality and the same firmness toward all of them. It will be impossible to succeed if it does not do this but takes refuge in a lot of double-talk, trying to pass off a question about whether state authority in Corum, for instance, was destroyed by rightist militants by giving such inadequate answers as, "Our government does not protect murderers. There is no sense in trying to construe events." The problem with this answer is that it shows that the distinguished prime minister still does not have the desire "to establish an impartial administration." Even worse, Demirel still does not admit that he cannot gain the support of the people and surmount anarchy and terrorism unless he establishes an impartial state administration.

Meanwhile, the Fatsa incident, or more precisely, the way the people who live in this district look on events, is seminal. In fact, the attitude of the people of the district in adopting an "unofficial" authority formed in the sphere of the Fatsa municipality and mayor should teach a lesson to those who govern Turkey, because our people have sent them a message saying, in effect, "We are looking for a just administration that will find a solution to our problems, listen to us and be effective." The only way out is to heed this message and reply to the needs of the citizenry with an effective, just state administration before new Fatsa's are formed in Turkey.

8349
CSO: 4907

'CUMHURIYET' COMMENTS ON JERUSALEM ISSUE

Istanbul CUMHURIYET in Turkish 27 Jul 80 p 3

[Article by Ali Sirmen: "Jerusalem-Ankara-NSP"]

[Text] Israel's decision to declare Jerusalem as its capital is new evidence that this state, which has formed a Hitler-like racist administration in the Middle East, is determined to go all the way in its policy of brute force and occupation.

The decision reportedly has created great reactions throughout the world. Israel's temerity has reached the point that it could time such an announcement to coincide with a time when the Palestine question is on the UN General Assembly agenda and the General Assembly has called a special meeting.

Clearly the decision to make Jerusalem the Israeli capital does not sit well with Ankara which, for various reasons, has been leaning recently toward establishing better relations with the Arab nations and the third world. Doubtless, the discomfiture of the administration in office today in Ankara does not stem from its pursuit of an anti-imperialist policy. Demirel-Erkmen diplomacy is arm-in-arm with imperialism. So much so that Mr Erkmen has relieved many valuable and experienced Foreign Ministry officers because they did not favor his policy of collaboration.

Ankara's discomfiture comes from the contradiction between its efforts both to preserve its status as the citadel of imperialism in the Middle East and to appear friendly to the third world, especially the oil-rich Arab nations, a contradiction which is brought further into the light of day by the decision to make Jerusalem the capital.

Ankara wants oil and credit from the Arab nations, as well as support on Cyprus of all member nations at Islamic Conferences. Demirel-Erkmen diplomacy, which throws out its chest at Islamic Conferences condemning the Soviet presence in Afghanistan with such statements as, "We condemn the aggression which our Muslim Afghan brothers are suffering," also boycotts the Olympics along with Israel, which has held Muslim Palestinian lands under occupation for years, and remains emptyhanded under the wind of the United States.

There can be no doubt but that this inconsistency on the part of Demirel, the master of inconsistency, escapes no one.

Demirel will be content to make a dry protest about the decision to make Jerusalem the capital. Obviously, such a protest will not have much effect on Israel.

If there is to be a clear and consistent foreign policy, Ankara must sever diplomatic relations with Israel.

But Demirel has no intention of taking such a route. In fact, Mr Suleyman could not adopt such an attiutde even if he wanted to, because Demirel has his hand out to Western financial circles. He cannot even set prices on monopoly goods without getting their permission.

And nobody in the world can fail to notice these contradictions.

It should come as no surprise that Israel's latest initiative would create a big reaction on the "reluctant" front of the NSP [National Salvation Party], which takes a second to no one in waving the "banner of Islam." In fact, this party's leaders are in the forefront of condemnation of the decision.

The NSP's reaction, however, will not be very different from that of Mr Suleyman and his "Western Club"; it, too, will perforce be just empty words. The NSP cannot even adequately protect its own fellow Muslims in Konya and persists in "reluctant" support -- remaining a spectator to their attacks and the people mangled -- of the fascist militants which the Justice Party protects simply because they are NSP members, and it would be dreaming to expect this party to be able to do anything for their Muslim brothers in Palestine besides make a few speeches.

Demirel no longer even feels the need to hide his Western Club credentials, bragging about them everywhere, and pursues a policy of collaboration with the West by means of a former NSP candidate; the NSP is always harping on its opposition to Demirel and the Western Club but reluctantly keeps on its feet the administration which is both Western Club and a fascist montage. The similarity of their attitudes toward Israel's recent decision tells once more in plain language the real story of the two organizations.

8349
CSO: 4907

EUROPEAN FIRMS TO HELP BUILD ATATURK DAM

Istanbul MILLI GAZETE in Turkish 25 Jul 80 p 9

[Text] Ankara (ANATOLIAN AGENCY) -- Announcement has been made of the foreign firms forming the consortium which will build the Ataturk Dam and Hydroelectric Station, a part of the southeastern Anatolia project, the largest project ever undertaken in Turkey.

According to the Council of Ministers decision published in today's RESMI GAZETE, of the candidate firms to provide credit for construction of the Ataturk Dam and Hydroelectric Station, Broown Boveri and Company from Switzerland, Wimpey International London from Britain and the Hochtief Aktiengesellshaf Vorm. Gebr. Helfman Essen group from West Germany were chosen for EON [expansion unknown] selection to implement the project.

According to the decision, a condition for consideration to implement the project was that the firms "meet domestic and foreign currency requirements," and this condition was guaranteed by the group of firms selected, which provided proof that they could secure sufficient credit for complete financing of the project.

Among the firms selected, Escher Wyss and Broown Boveri will provide the permanent electrical and mechanical equipment and force pipe for the Ataturk Dam, and the British and West German firms will do the construction. These firms will be asked to submit bids on the work they will do, and contracts will be signed if the bids are approved.

The Council of Ministers decision assigns to the State Hydraulic Affairs Directorate General the task of adjudicating between the firms designated to build the dam and the bank serving as administrator of the banks to provide credit for the project if the negotiations turn out negative or in the event of breach of contract.

The provisions of the "Directive on Use of Local Proudcts in Investments" will not apply for all supplies, equipment and materials which must be imported for project construction. Thus, even if materials to be used are produced domestically, they will be imported if the firms wish.

One of World's Largest Dams

The Ataturk Dam is the largest of 12 subprojects in the general southeastern Anatolia project which will convert southeastern Anatolia into one of the most productive regions in Turkey. It will be one of the world's largest dams. The dam, scheduled for completion in 1988, will have a reservoir to store 48.5 billion square meters of water and will produce energy at a strength of 2,400 megawatts. This amount is more than half the total production of all power plants in Turkey today and more than the total production of all hydroelectric stations. The dam, representing a 60 billion-lira investment including 38.2 billion liras from abroad under the 1980 program, and the Urfa aqueduct, another large project in the southeastern Anatolia project which is now in progress, will combine to irrigate the Harran Plains.

Water Problem

As known, the dams are to be built on the Tigris and Euphrates Rivers in Turkey and are a subject of contention with Iraq and Syria through which these rivers pass. These nations fear that by building the dams on the Tigris and Euphrates Rivers Turkey will seize control of the waters of the rivers and that the water they receive will be regulated by Turkey.

This problem is one reason for the negative attitude toward the southeastern Anatolia project adopted by the World Bank and other international financial institutions which are especially careful to avoid supporting agricultural and energy projects in developing nations, and the World Bank reported that it would not give credit for the Ataturk Dam. In this situation, Turkey decided to build the dam with its own resources and by securing credit from private financial institutions.

It will be recalled that the Karakaya Dam ran into a similar problem as regards foreign financing and the World Bank demanded a guarantee that Turkey would be mindful of its neighbors' interests as to water before it would provide credit for the Karakaya project. Turkey has sent two letters to the bank, one last year and one this year, giving the guarantee it demanded.

Observers say that the guarantee given for the Karakaya Dam shows that Turkey has a positive approach to the matter and that it has no intention of using the water it will control by means of the dams to be built on the Tigris and Euphrates Rivers for political or economic purposes.

8349
CSO: 4907

STATE OF MARITIME COMMERCE EXAMINED

Istanbul HURRIYET in Turkish 6 Jul 80 pp 6-8

[Article by Yildirim Cavli]

[Text] When talk turns to our net resources these days a subject which keeps coming up is the fact that we never seem to consider the seas which surround us on three sides as our own.

We use a single term, "denizcilik" [marine commerce]. For some of us this term brings to mind a captain's cap, for others a handsome cutter. But we do not want to see that our seas are a far more valuable economic resource than is the coal in Zonguldak or the oilfields in Batman.

Marine commerce, of course, does not consist of a captain's hat. It is a whole chain of activities, shipyards, iron and steel production, rescue stations, pilot services, crane systems on the docks, schools of higher education, technical high schools, commercial fishing, sponge fishing, diving, transport of petroleum.

There is only one sea in the world having its entire coastline owned by one country, and that is the Sea of Marmara. The world's most important waterways flow from and through us like blood flowing in our veins.

However, the share of the world's commercial fleet held by Barbarosa's grandchildren comes to a mere 0.31 percent. Our Aegean neighbor, whom we refer to as "our former province," meanwhile runs a fleet under the flag with the blue cross, which is the third largest in the world. Greece is in the process of proving herself to be the world's foremost maritime state. Even the Greek Cypriot state is 23d in the order of world maritime fleets, whereas Turkey is struggling to maintain its standing as 32d.

The Public Sector on the Seas

If we look back into history a bit, we see that apart from warships the government did not interest itself very much in maritime commerce. In 1843, Fevaid-i Osmaniye bought three vessels from Sirket-i Hayriye [the Hayriye Co.] and began to operate the Kadikoy-Sirkeci-and the Islands Line. This company continued its activities for 27 years, during 8

transported passengers. In 1878, Idare-i Mahsusa concluded an agreement with the Eastern Railroads Co and established the Haydarpasa and Besiktas-Uskudar-Haydarpasa Lines. In 1910 Idare-i Mahsusa carried on its operations under the designation of Ottoman Maritime Office. In 1923 the government of the republic changed the word "Ottoman" to "Turkish" and activated the Pendik, Yesilkoy, Izmit Bay and Yalova lines. On 7 July 1933 the Turkish Maritime Office was split into three components, Akay, Maritime Lines and the Directorate of Docks. The Ulev and Sirat steamboats, which the Akay administration had built and immediately put into operation, can still be seen at our docks. The Golden Horn ferryline operation franchise given to the Italians in 1913 was revoked in 1935. In 1945 Sirket-i Havriye was also abolished. In 1951, with the formation of the Denizcilik Bankasi TAO [Maritime Bank Commercial Partnership], the state began to make its weight felt in the maritime sector. Freight transportation, which was placed under the Maritime Bank in 1964, was taken over in 1955 by the bank's Sea Transportation Corporation. Today the bank retains the public sector passenger and freight transportation functions, and the corporation handles only the cargo services. Petrol Ofisi has a share in sea transportation of liquid fuels, and 240 persons or capital partnerships in the private sector also participate in ocean transportation activities.

Our Seagoing Commercial Fleet

While the whole world is using modern maritime commercial methods such as Ro-Ro, and container, the Turkish commercial fleet is totally inadequate.

According to the report of the Five-Year Plan Committee of Experts, the Turkish commercial fleet is made up of 468 vessels in excess of 100 gross tons, and their total tonnage amounts to 1,101,072 tons. Of this tonnage 806,133 grt, composed of 291 ships fall in the 0-20 years age group. According to the report, 63 percent of the Turkish commercial fleet by number, or 73 percent by tonnage are within the criteria for their useful life span. Seventy-nine percent of our commercial fleet is made up of coaster type ships. The number of these vessels, ranging between 100 and 1,999 grt is 375, making up a total tonnage of 214,257. The private sector fleet of 271 ships with a total tonnage of 353,741 grt is made up mostly of heavy tonnage coaster type vessels. These 242 ships reach a total tonnage of 120,966. This is 90 percent of the total private sector fleet in terms of number of 37 percent in terms of weight. The ratio of privately-owned ships to the public sector Turkish Maritime Commercial Fleet is 58 percent by number and 31 percent by weight. Sixty-six percent of the private fleet by number and 62 percent by weight fall within the 0-20 year age group. The 197 vessels of the public sector fleet make up 42 percent of the total fleet by number and 69 percent by tonnage. The public sector's coaster flotilla consists of 132 vessels of a total 93,291 grt.

It is possible to present a number of factors which adversely affect our [illegible]. The swollen staff of the state sector operations in the Maritime sector are [illegible]. Everyone knows that the Maritime Bank and the Maritime Transport Organization are packed with appointees for reasons of political patronage, and this does not change with changes in the rulers. Apart from the administrative staff, the practice of receiving double salaries is also rather widespread. It turns out that the Pendik shipyards, which were said to have been completed 4 years ago, will not be completed for [illegible] years. The accusations of irregularities at this [illegible] can have been heard by the "deaf sultan." Putting all this aside, let us mention a secret report:

[illegible] prepared 5 years ago by Capt Kenan Bagcioglu, which is now hidden in the directorate of Maritime Commerce of the Ministry of Transportation, the names of 60 Turkish vessels operating under foreign flags are listed as are also those of 25 of our most renowned firms and shipowners. Political regimes have come and gone and somehow it has never occurred to anyone to do anything about this matter. However, if only on the basis of this report alone, from the legal standpoint our billionaire shipowners need to be indicted under the "Law for the Preservation of the Value of the Turkish Currency" and for "tax evasion."

[illegible]

All the Turkish newspapers in Turkey in their 1 or 2 December issues reported that a ship with the name "Black Sea" had sunk. This ship, which was [illegible] on its return from Romania to Turkey and with which wireless contact was [illegible] at 2000 hours on 29 November 1979 was of 1,119 gross tons and according to the news stories it was the property of a noted shipowner. This was the first case of one of our ships flying a foreign flag in our entire maritime history.

[illegible] it is known that more than 200 Turkish ships are flying flags of Panama, Liberia, Greece and Greek Cyprus. But no procedures whatever [illegible] regarding the owners of these vessels. One of our largest [illegible] companies, which even makes the tough Atlantic [illegible] switched the Turkish flag from one of its ships 2 years ago. The ship went on to complete its 11th year, and according to Turkish law could have been made to continue flying the Turkish flag in a few more [illegible]. Of course, it had benefited from the needed reduced term [illegible] and interest transfers. However, this vessel had belonged to the [illegible] for many years and had plied the seas of the world with the [illegible] "Turkish" under a foreign flag. We can see in the lines of a statement [illegible] a [illegible] businessman is SUMRIYET just how commonplace and [illegible] these similar incidents have become. Billionaire businessmen [illegible] have given the following regarding his new ship, which will fly the [illegible] flag:

"I am going to give the ship the name "Of," because we come from Of Province. However, it is not going to carry the Turkish flag, because Turkish vessels have to pay higher docking fees and have difficulty in obtaining cargoes from foreign countries. Also taxes on ships registered in Panama are extremely low."

Who Is Guilty?

In 1967 the State Planning Organization called for 50 percent of our ocean commerce to be carried by ships flying Turkish flags. Today we are able to carry only 25 percent, that is one-quarter of our maritime trade with ships flying our own flag. Keep in mind that this percentage is 95 percent in Greece, 60 percent in France and 65 percent in Italy.

Our shipping industry, which despite all its neglect ranks third in bringing in foreign exchange, is being left to shuffle along on its own. The shipowner who slips 50,000 sterling into his pocket or one of our smugglers buys a scrapped ship on the London market and sails away in the darkness under a flag we have never seen before. Akil Bilgili, owner of Truva Shipping, which carries freight continually between Magosa and London complains, "Because we could not find a Turkish ship to go to Magosa we rented a foreign flag."

Is It Not Going To Improve?

It would be difficult to say that our government was inclined in any serious way toward the shipping industry. The latest statistics pertaining to shipping in the hands of the Ministry of Transportation and the State Planning Organization date from 1977. By way of contrast, a person who wishes to obtain information on the Turkish Maritime Commercial Fleet applies to Lloyd's in London. Our experts must use either 3-year-old figures when they prepare reports in Turkey or else send for English data.

No matter how weak the Turkish Maritime Commercial Fleet may appear to be in official statistics, it is known that Turkish shipowners play a role in quite a lot of freight traffic, especially in the Mediterranean with what is called "high-risk commodities." Two years ago Greece passed legislation by which shipowners who chose to carry the Greek flag would not be liable for taxes for a 10-year period. The measure led to a 20-percent increase in our neighbor's maritime fleet.

The time has come, in any case, for us to pay attention to this problem, too. Are we to give an incentive the way Greece does, or penalties, the way Spain does, or like Bulgaria shall we arrange dubious transactions in which there is a government hand somewhere. Whatever course we select, we need to find a quick solution, because the foreign exchange we are losing is fast approaching the amount of our oil bill.

At the same time, despite the fact that the shipping industry in the world is known for being tradition-bound and conservative, it is not lagging

[illegible] in the shipping industry technology. It would be hard to say that the [illegible] of maritime commerce have changed to any great extent since the days of the Phoenicians and Minoans. Even the changeover from sail to steam power did not affect the basic structure of shipping to any large extent. A renowned British periodical is able to maintain that a captain who lived [illegible] years ago would be able to handle a modern vessel after receiving [illegible] months' training.

Despite this traditional appearance, economic pressures have compelled [illegible] a shift which, it is claimed, nuclear-powered vessels [illegible] out of the market. However, today only the Russians are using [illegible]-powered ships, the icebreakers "Lenin," "Arktika" and "[illegible]," while America's passenger and freight carrying ship "Savannah," West Germany's ore ship "Otto Hahn" and Japan's "NS Mutsu," all nuclear [illegible] would put out of service. Nevertheless, new technology such as [illegible] is forcing itself upon the industry.

[illegible] Turkish Commercial Fleet

[illegible] (as of [illegible])	Number of vessels	Total tonnage
[illegible]	91	291,842
[illegible]	99	430,513
[illegible]	19	299,568
[illegible]	58	203,423
[illegible]	21	75,297
[illegible]	38	36,417
[illegible] to date	92	115,665
[illegible]	415 ships	1,621,715 grt

[illegible] Ministry for 1979, [illegible]

The Turkish [illegible] Timber Fleet

[illegible] 447,057 tons

[illegible] of [illegible] Flagged Vessels in Turkish Import and Export Trade

[illegible]	Tons	Percentage
[illegible] flagged vessels	1,588,809	23
[illegible] flagged ships	5,284,293	78
[illegible]	6,873,102	100

[illegible]	Tons	Percentage
[illegible]	3,417,738	21
[illegible]	14,998,444	79
[illegible]	18,416,174	100

[illegible] (Maritime Report)

BASTURK HAS SHOWDOWN WITH DISK GENERAL COUNCIL

Istanbul CUMHURIYET in Turkish 30 Jun 80 p 6

[Text] DISK [Confederation of Revolutionary Worker Unions] Chairman General Abdullah Basturk yesterday afternoon during the course of the confederation's Seventh general board meeting, resigned his position following a vote rejecting a proposed amendment to Article 7 of the confederation rules dealing with the expulsion of member unions. Following the negative vote of the Maden-Is [Turkish Mine, Metal, Metal Works, and Machine Industry Workers Union], and Oleyis [Hotel, Restaurant and Amusement Places Employees Union of Turkey], delegates Basturk said, "I consider this vote as a vote of no confidence in me, personally, and I am therefore resigning from the DISK chairmanship." Wishing the general board success, he left the room.

At yesterday morning's meeting of the board Basturk and Secretary General Fehmi Isiklar responded to criticism directed at the progress report.

Isiklar's Talk

In his talk, Fehmi Isiklar said, "The critics have given considerable attention to the subject of unity. The important thing is to be sincere and support the class struggle. In order to truly insure unity, it is necessary to give sincere answers to the following questions," and he pronounced the questions below:

"Are the decisions of the body to be arrived at democratically? To what extent are the decisions of the body to be compromised? To what extent are the separate unions' internal affairs to be subject to intervention? How is solidarity to be made more firm? Are shortcomings to be used as a means for attrition? Are we to help only our own member unions or are we also to lend our support to other unions whose political stance is in harmony with our own? Where is our place to be in the antifascist, anti-imperialist, antichauvinist struggle? In a contest of slogans or in the competition to be of help in the struggle? Are we going to be able to strike? Are we going to be able to share our food with our friends who are on strike? Are we going to be able to back our friends

[illegible] who have been [illegible], and when [illegible] we succeeded in all this, it must be easy to lead DISK. If it is enough to be of good [illegible] intentions and to wish to succeed [illegible] we might [illegible] be able to succeed."

[illegible]'s Unity

[illegible], in his talk responding to criticisms of the progress report, said that they had come into the leadership at a time when the unity of DISK was endangered, and because of the obstacles they had encountered, and because they had weakened in the struggle against fascism and in the political struggle they had felt the need to call an early meeting of the general board, and he said that if they could not achieve unity in principle and if they could not come to a decision on operational principles then they would refuse to take a position in the management of the confederation.

Saying that a unity which was mere window dressing, an artificial togetherness on the basis of principle, divergent in aim and subjugated to the politico-economic struggle, just will not do, Bastürk added, "We did not convoke this general board meeting for the purpose of dividing up the places among ourselves." In gisted form, Bastürk continued in the following manner:

"There is no one here who does not know that you cannot obtain unity by keeping [illegible] and swerving from the decisions which have been taken. Let us analyze first of all just what unity is, approaching it in a spirit of sentiment, honesty and responsibility. We are not with those who will [illegible] nothing the decisions taken in the broader circles, who continually call for action, action and then turn the corner when the time comes to act."

Bastürk revealed that most of the unions in DISK had been brought by their problems to the state of patients with varying degrees of fever. The general board was obliged to take some concrete, fundamental decisions to resolve these problems. Unless this were done, he said, DISK would not be able to keep on functioning, and he went on to say [illegible], to summarize:

"The Turkish working class, the laboring people, are prepared to give their blood to oppose fascism. Principles cannot remain just on paper. Criticism, real criticism cannot be made according to everyone's own views. In practice in Turkey, as socialists, we cannot approach the problems in this manner. If we attempt to handle things this way we shall lose ground in the economic struggle and we shall be stalled in the socialist struggle. If this general board does not produce some decisions in principle, DISK will become known as an organization [illegible] where the name socialist revolutionary has become a mere [illegible], one which made a socialism to suit itself, a little bit unlike [illegible] [Turkish Confederation of Labor] but more divided

in itself, one not to be asked what we can give to the working class and which states that there is no place among the leadership for those who do not think as I do."

DISK - RPP Relations

DISK Secretary General Basturk in replying to criticism of the progress report touched upon relations between DISK and the RPP [Republican Peoples' Party], and in this connection he referred to the talk RPP Secretary General Fatinday had given to the general board, recalling his advice to be reasonable and saying:

"I believe that individuals of the working class well know the validity of their politics. Let us take a look at the political position of those who are giving us advice. A while ago, in response to a decision taken by our body, we prepared a package of proposals which we believed would be beneficial to our working class after the RPP government had passed, just to be helpful. The RPP government a short while later placed this package of proposals on the agenda. Let people judge for themselves what percentage of these proposals were put into effect. We were not an obstacle for you. The analyses we introduced, the courses we indicated, all were reversed in your hands. You even came out against the 20 March demonstration against fascism. Now I am going to explain right here. A while ago your party leaders and chairman general had a discussion. We stressed that only the power of the working class, stemming from their production, could serve to oppose fascism. We offered the 20 March demonstrations as an exercise in how fascism could be opposed. The only force opposing fascism is that stemming from the production of the working class. You not only did not support this demonstration of ours, you did not even condone it, you virulently opposed it. But that was a pity. For whom? Above all for you yourselves.

"The RPP is antifascist in makeup. Leaders who do not see this are doomed to failure. Sending messages to the dead can have no role in the struggle against fascism. Let us put aside disorganization and inconsistency. The RPP and its bodies, extend a hand to you, DISK, to join in the struggle against fascism. Let us march together. If you reject us and if Turkey has come to this point, then the responsibility will be yours."

Continuing his talk Basturk touched upon the criticism of the progress report and said that if the language of the report was faulty what did this mean for the accomplishments of the past 2 and 1/2 years.

The DISK secretary general emphasized that he did not wish to dwell upon the past, but he gave a number of examples of incidents which had obstructed the work of the DISK leadership. He recounted that when he had just come into office the general chairman of Maden-Is had stolen the text of his first press conference statement and used it to make

a speech [illegible] extended [illegible]. Also he said [illegible] had failed to conform to decisions of the leadership with regard to their political activities.

Kaptan reminded his listeners that fascism had reached the stage where its influence could be felt and went on to say:

"In the face of this danger, when opposition to fascism is called for, [illegible] reactionism and forces are unable to do what they are supposed to. Because of the dispersal of socialist forces on the political level they are unable to muster a unity of action and a strong action. Despite the fact that DISK is the most important [illegible] of internal divisions reduce the effectiveness of our struggle. [illegible] management bodies at every level in their meetings were unable to put the decisions we have produced into effect, and they [illegible] with obstacles. We felt that it was necessary to [illegible] meeting of the general board to prevent DISK from weakening in the struggle against fascism on the political front."

With respect to criticism that they had tied DISK to the RPP, Kaptan said: "We are [illegible] with our policies 2 and 1/2 years after the [illegible] are criticizing us. You have not left any complaint unsaid regarding the direction and leadership. What have you gained by this? Two and a half years later you have arrived at this point. You say play a catalyst role for us in the achievement of socialist [illegible] and weight to it. This means that those who lacked [illegible] in us during these periods, I mean the whole socialist [illegible] absolved us."

Rejection of the Rules Amendment

During the extraordinary session of the general board, the ruling began on the amendment of the main body of rules. One of the important issues of the [illegible] under discussion was Article 7 regarding the expulsion of member unions. Because the majority of the Maden-Is [illegible] against the amendment there were insufficient [illegible] amend this article. Kaptan was then sitting among the [illegible] (Public Services Employees Union of Turkey) delegates. Then the [illegible] general [illegible] in opposition to an amendment dealing with [illegible] and giving the right to the chairman general to present [illegible] votes are open vote, the necessary two-thirds vote [illegible] and the amendment did not carry. After this Kaptan [illegible] the podium and said that the single type democratic rule had been [illegible] in principle earlier but here it was possible for everyone to [illegible] with [illegible]. However, he said "I consider this vote to be a vote of [illegible] to myself, and therefore I am resigning from the leadership of DISK. I wish the general board success."

Somewhat later Basturk left the general board meeting, and the chairman of the Congress Council, Ertan Andac, adjourned the meeting to be resumed today. For a time, the delegates demonstrated, shouting "long live DISK, long live Basturk." At this point the Genel-Is delegates remained in the hall to hold a meeting of their own, but the Genel-Is secretary, Ertan Andac, suffered an attack and had to be taken to the hospital.

The General Headquarters Will Move to Ankara

During the work on amending the rules, Article 2, calling for moving the General Headquarters to Ankara, was approved. Another article dealing with the pardoning of expelled union leaders was also approved.

'[illegible]' EXAMINES LABOR CONTRACT DEADLOCKS

[illegible] in Turkish 29 Jun 80 p 5

[Article by Fukru[illegible] Gulensoy]

[Text] Deadlocked collective bargaining contracts are perhaps a bigger problem in worker-employer relations than are deadlocked strikes. Particularly in the State Economic Enterprises [KIT] negotiations with the government are in deadlocked circumstances.

In 1980, there are nearly 700,000 workers waiting hopefully for the completion of collective bargaining contracts. With price rises of more than 100 percent inside a few months, 700,000 workers, together with their families over 3 million persons, are carrying on their lives in wages which were set 2.5 to 3 years earlier on the basis of contracts signed according to conditions which prevailed at that time. With the tension created by the contract negotiations, on one hand, and the crisis produced by their inability to subsist, on the other hand, how can sound production be expected from these workers?

It is true that when the contracts are signed the workers will receive their salary differentials as of the date the negotiations began. However, what with the erosion of a number of social rights, on one hand, and the daily decline in the value of their money, on the other, the workers will be the losers and the employers will be the winners. Together with the struggle to subsist during the past months there is also the question of whether or not the KITs will pay the contract differentials promptly. There are quite a few state employees who have still not received their contract differentials from the previous period. In brief, the workers and only the workers are the ones who suffer losses from the deadlocked negotiations which drag on for months and years.

During the formation of the JP [Justice Party] minority government, arguments on the subject of workers' rights appeared on the agenda. Following intensified propaganda from employers' organizations endeavoring to show that workers' rights were among the causes of the economic crisis, in parallel with employers' demands, IMF demands and the policy pursued by the government, the issue of [illegible] and freeze was incorporated in the agenda. A decision was made and transmitted to the KITs by circular notice that the contract negotiations were to be halted and were to be resumed only under the control of

a coordination committee attached to the government. At this point Turk-Is [Turkish Confederation of Labor] also came onto the scene. Negotiations were begun with the KITs with both sides present at the coordination committee level. At the same time, the Paris meeting regarding future credits under the auspices of the IMF were postponed, IMF representatives arrived in Turkey for discussions with Turk-Is leaders and demanded economic stability in Turkey and guarantees that there would be no major strikes in June. We feel that it is necessary to remind the reader that the decision regarding credit for Turkey followed upon these events.

Yes, the months-long meetings between Turk-Is and the government at the coordinating committee level, which held the expectation of drawing up a new social contract, did not follow the normal course of KIT contract negotiations. Turk-Is first of all requested information from the unions regarding their contracts, the stipulations of their contracts, and determined the wage increases desired. From this point a rather long time passed before the scale was worked out. The government side also continually played for time by frequently changing the committee membership and negotiating principles.

The unions coming under Turk-Is had a common expectation not just to negotiate for new collective bargaining contracts, but also to deal with the subjects of 7 billion lira of unpaid workers' claims, the circular letter on the taxation of seniority compensation, and draft legislation on the subject of lifting tenure. As will be recalled, when Turk-Is made a serious move to place the assault upon worker's rights on the agenda, for the first time in world history a prime minister participated in an executive committee meeting of a labor confederation, and he made promises at that time on a number of subjects. Thus was a decision to take action sidetracked, and the coordinating committee negotiations again came to the forefront.

Since we have broached the subject, let us recall that a portion of these promises had been included in draft legislation before the parliament which was not mentioned. Anyway, payment of claims which the workers had already earned is not a boon, it is compulsory. Besides, such a small portion of these payments have been made since that time as to be laughable. Circular letter No 125 of the Ministry of Finance has still not been recalled. The recall of this notice as a consequence of various law suits appears certain. Even the Exchequer and Audit Department has ruled that its implementation is illegal.

Yes, as we said the unions within Turk-Is had expected that the assaults against workers' rights would be halted by some kind of action on the Turk-Is level, but instead this was converted into an understanding with the government and the negotiations with the coordinating committee came to the forefront. The government proposed [in these negotiations] that total increase in income be kept below 50 percent gross, including all social rights. Turk-Is's counterproposal was that this total should be 100 percent and that the level of social rights achieved by the most advanced unions for their members should be accepted as the standard. On the day bargaining began, the two sides were engaged at another table in some private bargaining. Turk-Is was attempting

to persuade the more advanced unions to hold their ground in the matters of social rights and wait for the less advanced ones to catch up with them, and having won acceptance of this precondition went about negotiating with the government for a limited wage increase. The chairman general of Turk-Is and the chairman general of Tek Gida-Is [Turkish Tobacco, Intoxicants and Ancillary Workers Union] were negotiating a contract with TEKEL, a KIT worksite, and on the same day signed this contract, keeping it secret from the public. With a proposal on the same day, while bargaining to keep the increase of income below 100 percent and to embrace all of the Turk-Is unions under these conditions, at the other table they signed a contract containing a 400 percent increase [for Tek-Gidai-Is workers].

Let us stress immediately at this point, that the collective bargaining contract signed in the name of 74,000 TEKEL workers does not entail an extreme increase in the workers' real wages. If anything, it can only cover the loss in income stemming from the rise in the cost of living. It does not shove the TEKEL workers into worse living conditions; it may help to preserve their current level. So, it is not a radical wage increase; perhaps it is less than it ought to be, or just a normal one. Tek-Gida-Is only did its duty here and has been able to protect the rights of its workers. Thus it is a duty to congratulate the chairman general and all of its leadership.

However, for the government and the upper echelons of Turk-Is this incident represents a great shame; on one hand, workers' wage increases will remain limited and furthermore the economy is sinking. In the KITs you might say, outside of the coordinating committee there is no contract. The pro-RPP [Republican Peoples' Party] and democratic unions will obtain laughable wage proposals. Hava-Is's [Turkish Civil Aviation Workers Union] contract, which demands rights far less than those contained in the TEKEL contract, will be labeled as traitorous, and after the contract is signed there will be a lot of publicity about this being responsible for the rise in the price of tickets... Saying 25-25 there, here you give 50-50 wage increases. Or else, speaking as Turk-Is upper echelons, you ask for 100 percent for your member unions, and then you secretly get 400 percent for your own union. These may pass into history as some of the most shameful documents in the world; the government discriminating among unions according to their political persuasions and the union leadership discriminating among its membership.

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CSO: 4907

INCONSISTENCIES IN LABOR AUTHORITY NOTED

Istanbul CUMHURIYET in Turkish 6 Jul 80 p 9

[Article by Sukran Ketenci]

[Text] The Supreme Court of Appeals and the Ministry of Labor and a number of rulings by the industrial relations courts have created total confusion in the procedures entailed in union certifications [for collective bargaining purposes]. Because each union's situation has been the subject of a separate decision and due to the contradictory nature of these decisions a situation has resulted where one union is certified for collective bargaining whereas another in exactly the same circumstances has its certification revoked, or where one union will be certified while another cannot obtain certification.

The interesting side to this matter is that by some strange coincidence the progressive, democratic unions are suffering unjust treatment as a result of these contradictory rulings, whereas the rightwing unions are coming out ahead of the game.

Mutually contradictory legal interpretations by the Supreme Court of Appeals has led to a situation in which, for example, the Yol-Is Federation [Turkish State Higher Workers Federation], was denied certification, while Teksif [Federation of Turkish Textile, Weaving, and Wearing Apparel Industry Workers Union] and Tek Gida-Is [Turkish Tobacco, Intoxicants, Food and Ancillary Workers Union] had theirs confirmed, although all applied under the same conditions. The Ninth Legal Office of the Supreme Court of Appeals denied the application of Yol-Is for a new certification without revoking all its collective bargaining contracts. In two subsequent decisions it failed to take this into consideration, then in a fourth decision, reverting to its first views, it denied certification to the Maden-Is [Turkish Mine, Metal, Metal Works, and Machine Industry Workers Union] Federation.

At this point the Istanbul Sixth Industrial Relations Court introduced a new practice by concurring in an objection to the use of certification by a union in a new work site after the union had already utilized it in one or several other work sites. In the Genel-Is [Public Services Employees Union of Turkey] collective bargaining with IETT [Istanbul Electric, Subway and

Tramway Administration] such a motion was denied and then later approved, but then, before the opinion was issued, the court ruled that the question needed to be passed to the Supreme Court of Appeals for a ruling.

Immediately after this, the Ministry of Labor completely confused the matter by issuing a new decision regarding union certifications. The Maden-Is Federation, which had had its certification revoked by the Supreme Court of Appeals, applied again to the Ministry of Labor for recertification. The ministry, on the basis of the Supreme Court of Appeals decision, turned down the objection of the Yeralti Maden-Is union that application for new certification should not be required, since the collective bargaining agreements already negotiated had not been revoked. In the process of deciding that the Maden-Is Federation was certified for collective bargaining purposes, the Ministry of Labor made an interpretation which up to this point had never yet been made, namely, that if one of the collective bargaining agreements made among different work sites were to be terminated then the union's certification was also to be terminated. In granting certification to the Maden-Is Federation the ministry introduced yet another new practice. When the ministry is satisfied with the union's declaration it does not have its inspectors conduct onsite investigations. However, the same Ministry of Labor at this moment is having its inspectors carry out investigations at worksites in the case of a number of certified unions for which [new] certifications were requested. For example, the inspectors are combing the countryside in connection with a certification for Tarim-Is [Farm Workers Union of Turkey].

The Yeralti Maden-Is union has initiated a suit at the Supreme Court of Appeals against the certification of the Maden-Is Federation by the Ministry of Labor. The new ruling of the Istanbul Industrial Relations Court pertaining to certification usage has also been brought before the Supreme Court of Appeals. Meanwhile there are a number of new rulings lined up at the Supreme Court of Appeals in connection with contradictory legal views on the court's own rulings in order to work out the question of "whether or not all previously negotiated collective bargaining contracts will have to be rescinded in order to obtain brand new certifications."

The lawyers for the big unions which negotiate collective bargaining contracts on the basis of certification and even the employers have been astonished at the major contradictions among the rulings by the Ministry of Labor, the industrial relations courts and the Supreme Court of Appeals. Usage which treats [a blanket] union certification as a worksite by worksite certification, contrary to the intent of the law, results in many places in the certification of a union which was not selected by the workers and consequently constitutes an injustice to the workers. The workers expect the ministry together with the Supreme Court of Appeal and the industrial relations courts which together serve as interpreters of the law, to come up with a clarification of the union certification process.

The workers who have gone for years without a collective bargaining contract because of the certification problem, or whose chosen union could not gain certification to negotiate one, blame these parties who are failing to provide a solution for labor unrest and strikes at the worksites.

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END